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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2287

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ECONOMIC PREDICAMENT OF CEMA COUNTRIES CALLS FOR REFORMS

Budapest KULGAZDASAG in Hungarian No 4, 1982 pp 12-29

[Article by Laszlo Csaba: "World Economic Adjustment and Economic Development in Eastern Europe"]

[Excerpts] The demands of the new economic world order may become tangible economic realities instead of wishes if West, East and South realistically approach the problems of the international economic relations system, their structure of interests, and if they accord due importance to the structural transformation processes taking place in the world. We need patient, persevering work, above all for the most developed countries--besides the West, the governments of the East--to withstand the special interests that want to conserve the economic structure as it has developed, and the protectionist pressures represented by groups and institutions. With the realization of the macroeconomic interests of all groups of countries, the new economic world order will make it truly possible effectively to support the industrialization of the developing countries, and in this framework establish a permanent, long-term East-South work distribution. This does not mean, however, the exchanging or replacing either of East-West relations or South-West relations with South-East relations. The chances for the realization of such views, which stem from the 1950's and 1960's and in some circles remain popular until today, is smaller in the 1980's than ever before.

Growth Rate, Reform and World Economic Adjustment

The limited scope of this article¹ makes it impossible to go into an adequately deep analysis of the explosion of oil prices and other epochmaking factors, which in truth affected the economics of Eastern Europe in a manifold way, transforming basically and for the long term the possibilities, the type and condition system of their economic growth.

¹On the basis of a study prepared at the request of the Institute for Relations Between Italy and the Countries of Latin America and the Middle East.

As is well known, the traditional concept of the political economic science of socialism has regarded the maintenance or increase of the rapid growth of national income as an attribute of the socialist mode of production. It has been customary to show the superiority of the socialist plan economy, among other things, through the international comparison of growth rates. This approach did not completely disappear at the end of the 1970's but in the professional literature of 1966 evidence was presented that among the causes of the imposing economic growth rates achieved by the socialist community in the 1950's and the 1960's was the determining role of the low starting level and the supplementary growth possibilities and renovation factors deriving from this--in addition to the indubitable mobilizing effect of the new social system, socialist ideology, and the introduction of economic planning. Other writers at this time pointed to another important growth factor, the exhaustion of intra-CEMA technology transfer (which meant a flow of technical information chiefly from the GDR, CSSR, and Soviet Union to other socialist countries, including the PRC People's Republic of China between 1961 and 1962. They also called attention to the necessity of economic management reform, mathematically showing that the survival of the traditional directive management system in itself becomes a factor limiting independent growth (Goldmann-Kouba, 1966). Actually, therefore, the declining trend in the growth rate should not have caused surprise, but still as is evident with the first glance at trends in national income and industrial production and the planned values, the above conviction did not spread rapidly in the views of the decisionmakers in the planning offices.

Reluctance evident even in the data to acknowledge the growth decline, which is also attested to by the almost complete ignoring of world economic developments which occurred between 1973 and 1974 when the five-year plans were being prepared for the end of 1976, is related to many factors, one of these is a political-economic concept which undoubtedly had a certain ideological influence on the decisionmakers. As additional factors, we can mention the characteristic mode of approach by the formerly (historically) underdeveloped countries, the effort at catching up, and the relatively small role of equilibrium (including the foreign economic equilibrium) points of view. In a number of instances, this acquired special importance. In the case of the GDR, a role was played by the keen competition with the other German state; in Romania and Bulgaria the broad acceptance of extremely ambitious development goals and programs by the populations of the countries concerned. In Poland, as a consequence of the instability of the Gierek leadership which came to power after the 1970 Gdansk workers demonstrations, it appeared to be an imperative necessity that the new leadership should clearly justify its right to existence with wage increases that proved to be excessive and grandiose and with the "New Poland" program which it desired to create within a decade. (The latter conceived the politically attractive and mobilizing goal, in popular form, of speeding up the country's growth--by establishing modern fixed funds purchased with Western credits--in such a way that the national income would double in 10 years.)

These economic development strategies, like the CSSR's more moderate but also ambitious goals, finally outgrew themselves as alternatives to the reform of the economic mechanism.

The growth orientation is also explained by an economic system element. This derives, in part, from the fact that the three decades of existing socialism have been characterized by the main rule of dynamic growth. As a consequence, in planning the use of national income--which in every case comes as a result of a one-type bargaining process--it is possible to count on a continuously increasing distributable income. A restrictive period inevitably draws tensions in its wake, whereby the cutting back of central and local budgetary expenses becomes unavoidable (the curtailing under directive management relations of the grants or allowances necessary to attain the given plan goals), as well as the rejection (or repeated delay) of development goals which compete with one another, are socially and politically accepted or supported by influential groups striving in the hope of success for their acceptance. Of course, this draws in its wake the opposition of those interested, the strengthening of "lobbying" extending from tendentious press announcements to time spent in waiting rooms for the hope of exceptional treatment. Under socialist relations, too, the policy of restraint is unavoidably unpopular, because even fragments of it cannot be carried out without harming partial interests. Thus the undisturbed survival of "growth orientation" between 1973 and 1978 can be explained in the East European countries all in all by historical and ideological considerations, foreign economic mistakes, and sociological factors of the economic system.

A similar situation developed in Poland at this time. Here the PZPR proclaimed at its session in December 1976 the so-called "new economic maneuver." In this framework they conceived plan goals which were less strained but were still built on unfounded optimistic assumptions related to investments, agriculture, and the further growth of the entire economy. This indicated that the Polish planning and decisionmaking organs still were not adequately aware of the strained situation that already existed in the economy. In the preceding period from 1973 to 1975, they continued without concern the "economic maneuver" which was started in 1971. In this framework they called for, among other things, a 40 percent increase in investment growth, as compared to 1966-1970, but in fact they actually "achieved" 90 percent; they planned a 39 percent per capita increase in personal real income and approved instead a 69 percent increase; at the same time they did not succeed in fulfilling the agricultural and consumer industrial goals although these had been modestly set.

The definitely improving trend observable in this period in the Polish terms of trade had a reassuring (and misleading) effect on the then Polish leadership; this trend reflected the energy-intensive and material-intensive structure of the country's exports--which was maintained despite the striking structural improvement observable since 1971--that is, its relative backwardness and the modernization results that were not adequately competitive.

Role of the Import-Substitute Economic Strategy

In view of the fact that after World War II, given the Western embargo policy, it was finally the radial (unicentered or radiating) integration concept which was finally realized in the form of CEMA from among the various East European coblaboration ideas: the parallelism of the industrial structures in the 1950's and the 1960's, that is, in two different waves of socialist industrialization, was unavoidably recreated. This interrelationship can also be conceived from the opposite side, namely, that it was the bilateral and natural character of CEMA integration that inevitably materialized from the inward-turning nature of socialist industrialization and from the plan-dismantling management system that developed within the member countries. As a result of the foregoing, it was not accidental that in working out the CEMA complex program, ideas were formed urging the gradual and mutual opening of the markets of the socialist countries. Although the program as accepted does not explicitly exclude the above-mentioned development course, the modest nature of the results achieved thus far in the monetarization of CEMA collaboration derives clearly from the survival of mutual protectionism serving to defend primarily large, non-competitive enterprises.

Because of the foregoing, it is of interest to approach the extent to which East European countries participate in international work distribution not only through the export ratio but also through the indexes for total foreign trade, or total exports.

It is evident from available data that the ratio of foreign trade--particularly the developed capitalist and developing commerce that makes up the smaller part of this trade--can be regarded as expressly low as compared to country size and developmental level. This refers above all--and perhaps in a surprising way--to Poland, or to that country which in the 1970's put in the center of its economic modernization strategy the use of Western technology. The above statement is well illustrated on the basis of our source by data on per capita foreign trade in international comparison. In 1978, the average for the CEMA countries was 223 ruble/person: for Bulgaria 580, the CSSR 526, Poland 287, Hungary 679, and GDR 590, Romania 253, and the Soviet Union 137, while for the United States it was 447 and Japan 581. The above data clearly show that the per capita foreign trade of the smaller CEMA countries characteristically agrees with the value of large Western countries, that is, they are significantly behind small countries which they can be compared to in development level and country size.

Table 4. Foreign Trade Development of CEMA Countries

	Millió rubel (1)		1975	1978	1950=	1970=
	1950	1970			100	100
					1978/50	1978/70
KGST (2)	7402	55 355	126 166	175 148	2366	316
Bulgária (3)	225	3 452	7 521	10 347	4599	300
Csehszlovákia (4)	1276	6 739	12 171	16 473	1291	244
Lengyelország (5)	1172	6 440	17 057	21 515	1836	334
Magyarország (6)	580	4 303	8 645	16 151	2785	385
NDK (7)	788	8 479	15 930	20 745	2633	245
Románia (8)	410	3 428	7 960	11 519	2810	336
Szovjetunió (9)	2925	22 079	50 704	70 224	2401	318

Key: 1. Million rubles
 2. CEMA
 3. Bulgaria
 4. CSSR
 5. Poland
 6. Hungary
 7. GDR
 8. Romania
 9. Soviet Union

Table 5. Percentage Increase in Per Capita Foreign Trade, National Income and Industrial Production

	Külkereskedelmi forgalom növekedése / Ipari termelés növekedése (1)		Külkereskedelmi forgalom növekedése / Nemzeti jövedelem növekedése (2)	
	1960	1977	1960	1977
Bulgária (3)	230	265	290	280
Csehszlovákia (4)	210	200	215	200
Lengyelország (5)	115	130	130	130
Magyarország (6)	210	335	260	445
NDK (7)	210	225	205	220
Románia (8)	130	110	190	120

Key: 1. Increase in foreign trade/increase in industrial production
 2. Increase in foreign trade/increase in national income
 3. Bulgaria
 4. CSSR
 5. Poland
 6. Hungary
 7. GDR
 8. Romania

If we compare the dynamics of foreign trade in the period of detente with the values that were developed in the entire period of socialist industrialization, we obtain the following interesting picture.

The data in the two tables speak for themselves. Table 5 shows several characteristic features of the international work distribution participation of certain countries with special regard to the 1970's.

First of all, the autarkic trends of the CSSR economy are particularly conspicuous for the entire period, but particularly the detente years. Given the country's traditionally high development level, its small size and poor raw material resources, this trend is contradictory in the judgment of CSSR economists. Generally, the country's size makes it impossible for it to exploit the advantages of large serial manufacture, whereas even the excessively wide range of domestic production has led to low efficiency in the separate activities and a neglect of the advantages of international specialization according to comparative benefits. The other striking data are from the GDR. In the 1970's it was exactly the GDR that attained the lowest foreign trade dynamics among CEMA countries. Although in case of the GDR the foreign trade dynamics do not lag behind the CEMA average over the long term (an average which is determined to the greatest extent, of course, by the largest partner, the Soviet Union), it is still worthy of note that the inward-turning nature of economic development was strengthened exactly when more than 120 countries had already recognized GDR statehood. Nor is it less interesting that Bulgaria, whose relative openness declined (as measured by CEMA standards) in the 1970's, was the country where socialist industrialization was for the most part characterized by a "growth of foreign-trade orientation." Poland's development is accompanied by unaccustomed trends. In contrast to the views deriving from the recent extreme indebtedness of the country, the Polish foreign economic openness, in international comparison, can in no way be regarded as excessive, since the extent of it between 1970 and 1978 does not exceed the CEMA value average (which corresponds to the Soviet value). What appears as even more surprising is that despite the often-condemned explicit efforts of the Gierek leadership, the relative openness of Polish industry has not been increased. In the opinion of competent and official Polish economists, this gives witness to the survival of the inward-turning, import-substitute industrial strategy of the 1960's and 1970's. The investment expansion which in the beginning of the 1970's gradually became an economic reform substitute that was put into the plan meant that while the volume of investments between 1971 and 1975 increased by 20 percent as compared to 8 percent between 1966 and 1970, exports, at unchanged prices, increased only 10.7 percent from the 1966-1970 annual average of 9.6 percent, and between 1976-1979 by 6 percent. This indicates that most of the investments did not serve export goals, the traditional directive economic system did not give incentive to and compel the enterprise to adjust to the world market, to increase exports, since the overheated domestic market could suck everything in, and suck it did.

Romanian commercial data give witness of an average participation in international work distribution, and it is still worth noting the feature that the relative openness of Romanian industry declined, which reflects the development practice that unfolded in the middle third of the 1970's with reliance on one's own resources. Hungary's above-average intensity of participation in international work distribution derives only partly from a more receptive development policy toward international industrial cooperation and, on the other hand, it develops from that feature of economic development practice conducted between 1973 and 1978 according to which after the first oil price explosion those import and energy-intensive developments (as a matter of fact, new ones were started) continued undisturbed such as the petrochemical development and iron metallurgy reconstruction programs, and in agriculture the central program for large-operation beef production where the use of large volumes of imported raw materials, semifinished products and technologies were necessary, while the share of value added by Hungarian work was relatively small. Parallel with the survival of the import-substitute nature of development, this became an important source, even to a determining extent, of the structural nature of the payments balance problem, the overcoming of which rightly became the central priority of economic policy, subordinating everything else after December 1978

Table 6. Increase in Gross Agricultural Production in East European Countries (annual average, in percent)

	1971— 1975	1976— 1980	1976	1977	1978	1979	1980
	amiből (1)						
Bulgária (2)	3,0	0,9	4,1	-4,6	4,3	6,0	-4,8
Csehszlovákia (3)	2,7	1,7	-2,4	7,9	1,5	-3,9	6,0
Lengyelország (4)	3,5	-1,4	-1,1	1,4	4,1	1,5	-9,6
Magyarország (5)	4,7	2,3	-2,7	10,3	2,0	-1,1	3,4
NDK (6)	2,9	1,0	-5,8	7,2	1,4	2,5	0,2
Románia (7)	6,5	3,4	17,3	-1,3	2,4	5,0	-5,0
Szovjetunió (8)	0,6	1,2	6,5	4,0	2,7	-3,8	-3,0

Key: 1. of which
2. Bulgaria
3. CSSR
4. Poland
5. Hungary
6. GDR
7. Romania
8. Soviet Union

Agriculture and the World Market

Table 6 gives a comprehensive picture of agricultural development. It is worth drawing attention to two factors: one is that in this area, too, a decline in the growth rate is observable, the other is the extremely great annual fluctuation in production, which can only be partly ascribed to weather factors

since sensitivity to climatic conditions itself is one of the quality indexes that characterizes the development level of the agrarian sector.

Perhaps the most interesting feature of the area studied is that the East European countries are constrained to an increasing extent to the use of CEMA imports. This is related primarily to the large volume of grain imports of the two largest CEMA countries, the Soviet Union and Poland (and also the GDR and CSSR). Here of primary importance is the extent of Soviet grain imports and their continuity since this is the differentiation sign that developed in the 1970's. In the 1950's and 1960's, as is well known, the East European countries were able to make up for occasional shortages from the Soviet Union, that is, from within CEMA sources, since the Soviets were traditional net grain exporters.

It is also worth noting that with the large-scale revision of world market price ratios following 1973, agricultural values were relatively upward evaluated. Related to this is the fact that many East European socialist countries, including the GDR and CSSR, first of all in 1976-1980 and then in the 1981-1985 plan period drew up agrarian self-sufficiency goals. Nor can we lose sight of the fact that in both of the above-mentioned countries as well as in Hungary, Romania and Bulgaria a regular net agricultural surplus and agricultural development assumes the import of animal fodders and of fertilizers and moreover in some cases the acquisition of agricultural technology and breeding animals from developed capitalist country suppliers. In no way can this "dependence" be judged harmful since the import of the above-mentioned items contributes to protection of living standards, and in fact to creating one of the most important entries for a convertible export goods base in all the East European countries (including the GDR and CSSR). The fact of a "dependency situation" affirms the requirement justified also by many other factors that the East European countries today must intensify their participation in world-economic (global) work distribution primarily through the export side, and not by striving to reduce ("optimize") it.

The compulsion and the demand for an export orientation is intensified for Eastern Europe also by the changes taking place in the energy sector. Although the CEMA community as a whole was always a net energy exporter, since the Soviet Union is one of the world's largest producers of petroleum, natural gas, electricity, wood, hard coal and other energy sources, the smaller CEMA countries can in no way be regarded as self-sufficient in this area, as was always the situation ever since the beginning of socialist industrialization. All of socialist industrial development was built on the relative abundance of Soviet fuels and raw materials. The subbranches manufacturing semiprocessed and finished products in the small countries were built in good part on the processing of Soviet raw materials, and the products were developed according to the market needs of the CEMA partners, above all the Soviet Union.

At the same time, Soviet fuel and raw material deliveries increased at a declining rate in the 1970's and on the basis of plan coordination results for 1981-1985 the volume of Soviet fuel and raw material deliveries in a given period will not increase above the 1980 level. From the aspect of adjustment to the world economy, two factors merit special attention.

One important development is that in response to the new CEMA price formation introduced after the first explosion of oil prices the absolute and relative rise in the prices of energy sources was gradually implemented in CEMA trade, too, and the East European countries reacted to this by increasing the production of the generally uneconomic but domestic (that is, "secure" and "subject to planning") energy sources. This meant, above all, the development of uneconomic brown coal mining that is damaging to the environment, or the increased construction of power works built on poor-quality brown coal and lignite. This investment trend obviously had a limiting effect on the real economic growth possibilities of those countries--including among others the GDR, CSSR, and Hungary--where between 1976 and 1980 more than one-third of the industrial investments were placed into brown coal mining or lignite-based energetics subbranches, which are low in average economic efficiency. Nevertheless, even at the cost of these exceptional efforts they did not succeed in fully satisfying the energy requirements in the given economic structure and mechanism. It is not only the question of a power currency shortage which affects all CEMA countries as a result of which from time to time the systematic interruption of service to large consumers has become necessary (which obviously can lead to economic losses) but also of such memorable "energy crisis situations" as affect the population broadly, such as the ones reported in the winter of 1979-1980 and 1980-1981 by the press in the GDR and CSSR.

Another important feature is that between 1973 and 1980 the material- and energy-intensive subbranches (for example, olefin chemistry, iron and steel metallurgy, heavy machinery manufacture, and large-scale livestock breeding) continued to have great importance in the economic structure of all the East European countries, and that in most of the countries between 1973-1980 gross production, realized production or net production value-type indexes continued unchanged at the center of the interest-incentive system. The reason for this is that the energy intensiveness of economic growth in Eastern Europe did not decline substantially between 1973 and 1979, but rather continued significantly to exceed (in some cases by two or three times) the level in the developed capitalist countries. For example, the energy intensiveness of GNP growth in 1978 was 1.6 in Bulgaria, and the CSSR, 1.5 in Poland and the Soviet Union, 1.0 in Hungary, 2.3 in Romania, and 0.9 in Yugoslavia, while at the same time it was 1.0 in Great Britain, 0.5 in Japan, 0.6 in Sweden, Austria and the Netherlands, 0.5 in France, and 0.3 in Switzerland (Balkay 1981). Among these the data for small energy-importing countries of comparable size appears to be standard.

Consequently, there are two possible solutions for the East European countries. According to one, the energy-intensive nature of economic development must be reduced through an export-oriented economic policy, decentralization through management system changes and the spread, to an important degree, of imported, modern technical solutions, if necessary even at the price of reducing energy-greedy subbranches and closing down the affected operations. To quote the CSSR economists, this means the surrender of the supply-oriented approach concentrated on the acquisition of resources, and the limitation of the demand side in a self-containing way by changing the direction of the final achievement and efficiency growth. The second possibility is a solution often proposed by Soviet economists, namely, that in order to cover the energy demands of the small CEMA countries they must rely to a substantially greater extent than before on work distribution to be developed with the developing countries.⁹ First let us take a look at this latter possibility!

Alternatives of "East-South" Work Distribution

It is no secret that in the decade of the 1970's the share of CEMA countries both in the total exports and total imports of developing countries declined, and similarly the share of the developing countries also declined in the total trade and imports of the CEMA countries. "East-South" trade in 1978 made up 1.1 percent of world trade. The main commodity structural ratios of trade between socialist and developing countries is summarized in Table 7.

Table 7. Structure of Trade by Developing Countries with CEMA Countries
(together with the Soviet Union, in percent)

Árucsoport (1)	kivitelőben		A fejlődők (2)		behozatalában (4)	
	1955	1970	(3) 1977	1975	1970	1977
Élelmiszerek (5)	41,7	48,4	52,5	5,0	9,2	7,9
Mezőgazdasági nyersanyagok (6)	51,5	24,9	11,4	7,3	2,7	3,2
Fémek, ásványok (7)	2,7	10,7	6,4	6,7	7,1	4,7
Energiahordozók (8)	0,5	1,6	20,5	10,0	4,6	9,2
Ipari cikkek (9)	3,6	14,5	10,0	46,0	51,6	41,9
ebből vegyi termékek (10)	1,7	1,5	1,2	3,6	4,0	4,6
gépek (11)	—	0,2	0,3	19,4	37,2	28,2
ipari cikkek (12)	1,9	12,8	8,5	23,1	10,4	9,1
Egyéb (13)	0,4	9,9	9,1	25,0	24,8	33,1

[Key follows on next page]

⁹In the framework of this concept, Istvan Dobozi made proposals in this periodical (1982, pp 12-37) regarding the working out of an economic collaboration condition system.

Key to Table 7.

- | | |
|--------------------------------|--------------------------------|
| 1. Commodity group | 8. Energy sources |
| 2. of the developing countries | 9. Industrial items |
| 3. in exports | 10. of this, chemical products |
| 4. in imports | 11. machinery |
| 5. Foods | 12. industrial items |
| 6. Agricultural raw materials | 13. Other |
| 7. Metals, minerals | |

The most striking feature of the change in the commercial structure is the increase in the share of energy sources and foods and the decline in the ratio of industrial items in exports by developing countries to the CEMA countries. Industrial items always made up the lion's share of exports by the East European countries. Since the unspecified "other" category in the UN statistics consists chiefly of industrial items (among other things, weapons), the traditional and "patriarchal" nature of East-South work distribution is obvious.

In addition to the possibilities of industrial work distribution between the socialist and developing countries, it is necessary to keep in mind the constraints. The constraints should be understood in two ways. On one hand, on the West European markets--at present and for the near future the major extraregional market of the East European countries--there developed in the middle third of the 1970's an increasing competition for the marketing of materials, energy, and the products of unskilled and simple labor-intensive subbranches, since as a consequence of the parallel maturing of socialist and developing country industrialization a structural oversupply of world dimensions developed. From the market aspect, this means that the exports of such a group of countries puts pressure on East European exports, for in addition to comparative advantages, they also enjoy benefits deriving from preferred commercial-political treatment. On the other hand, under the limits of the given economic mechanism there is a general manpower shortage in the East European countries, particularly in the work-intensive lines of unskilled or little skilled work. Consequently, it would be purposeful to "export" this manpower shortage to the developing states, which to a significant degree are struggling with a manpower surplus. This would mean that over the long term the countries of the "East" would arrange to import the products of the above-mentioned subbranches from the "South." Such a decision would draw in its wake the elimination of the backward branches, in other words, it would be necessary to accept the "cost" of domestic political-social tensions with factory closings or the retraining of workers in a given line of work. At the same time, we should not forget that the recommended structural policy would increase the economic efficiency of the East European countries to a great extent, because it would make it possible for them to specialize and join on the basis of comparative advantages in international work distribution, and at the same

time they could fulfill at lower costs and a higher level the producer and consumer demands for the products from the underdeveloped and unspecialized areas. This would raise living standards and at the same time (in the ratio of producer consumption) improve the competitiveness of exports from the cost aspect.

In my opinion, the above economic-political decision is the basis for all such "East-South" dialogues which, in addition to intellectual diplomatic conceptualizations, can also lead to tangible and practical economic results. This would also make it possible for the East European countries not only to be present at negotiations related to the new economic world order but to pass from the defensive to the offensive ("we were not the colonists"). In this way, East Europe, going beyond long-existing support in principle, could also contribute practically to the efforts of the Third World at industrialization. And it could do this by giving up that aborted, traditional mode of approach--which is still widely held in certain "East" and "South" circles--that the East-South relationship should be conceived primarily as a problem of assistance and in its place realize in the practical sense a long-term structural work distribution built on the sound self-interests of both sides.

As for the earlier outlined approach to East-South work distribution from the aspect of the energy acquisition demands of the small CEMA countries, it is clear from the foregoing that in addition to maintaining the traditional structure of East-West trade, and in fact with an energy-centered approach, the unavoidable strengthening of this patriarchal character would be in contradiction to the general lines of structural development in the world economy as well as to the industrialization efforts at development in countries which have already stood the test of experience. We are not only speaking of the fact that by announcing this kind of work distribution idea the Third World partners concerned would hardly find it attractive. It is more essential that such an international economic relation system, in my view, could not even be realized. The domestic literature has already rightly pointed out that from the point of view of the importer the system of raw-material supply contracts, which has been given a prominent place in the above concept, does not at all afford greater "supply security" than the customary market conditions for material and fuel purchases (with respect, of course, to market characteristics). Moreover, the South--from an extremely pragmatic East European point of view--can be divided into three groups:

--The OPEC and other fuel- and material-producing countries with ability to pay. This market is no easier to win than West Europe or the developed capitalist markets overseas. It would be a serious mistake if anyone were to regard this area as easy terrain. Beyond the obvious political points of view, these countries can essentially choose as they please from the world supply scale, and thus it is not simple to gain ground for the exports of the East European countries which are characterized by poor- and medium-quality supply. Naturally, one of the important limiting factors of commercial competitiveness

is that today the East European countries are often not able to offer the internationally customary, sometimes long-term credits in supplying the infrastructural facilities of machinery and heavy equipment.

--The so-called newly industrializing countries (NIC). Here, on one hand, the competition from the developed Western countries is as strong as it was in case of the previous group, and, on the other hand, from here it is not possible to acquire primarily fuels and raw materials because most of these countries themselves have to import some of this commodity group.

--The "fourth world," or in other words, the least developed countries (LDC). Cooperation possibilities are extremely limited. The East European countries cannot increase their exports to these countries aside from liquidation considerations, without worsening their already very strained payments balance situation. In the 1980's, we look at a decade which will be characterized by a general and large-scale curtailment of investments, stagnation and occasional reduction of living standards, social tensions that unavoidably accompany structural change and a restraint on business policy. They simply are not in the position to furnish, in advance of payment, development means which cost large sums of money or to work out and deliver developed, technical processes which are absolutely necessary for the economic exploitation of almost undiscovered natural resources. On the contrary, if they are to exploit the fuel and raw material economy latent in CEMA integration--which today is almost the same as an exclusively Siberian development--they themselves are constrained to import the most developed Western technology as a consequence of many factors detailed elsewhere. Examples of this, among others, are the "transaction of the century," the Soviet-FRG natural gas transaction originally planned for 1974, and the joint CEMA investments--including the Orenburg alliance gas pipelines for which both the technology and pipes of appropriate diameter had to be imported from the West. It follows from the foregoing that Western imports are necessary for the East European countries both for the acquisition of fuels under more difficult natural conditions and for the significant reduction of consumption in relation to the technical modernization of producer fixed funds. Obviously, this can be acquired only in return for export achievements realized on the markets of the developed capitalist countries. This is one of the factors why the CEMA countries regard East-West and East-South cooperation as a sphere of questions indivisible one from the other. For East Europe any plan for the new economic world order is inconceivable which does not take East-West relations into account or regards the two relation systems as replaceable even partly, one by the other.

In the interest of the offensive outlined above, it appears above all necessary that the East European countries should abandon their historically developed economic development strategy of import substitution. The internal conditions of development also require that these states turn to an export-oriented economic policy in the sense that all the other elements of economic policy

(industrial, income-distribution, training and employment policy) should be clearly subordinated to this task. At the same time, we cannot lose sight of the fact that the solution to such a task demands a mighty effort from the governmental system. Extremely strong individual, group and institutional (among others, regional) interests are linked to the economic and related power relations which have developed during the decades of import substitution, and these interests want to maintain the existing structure and to expand reproduction.

The successful realization of an export-oriented, offensive development policy also assumes at the same time the comprehensive reform of the traditional plan-dismantling economic mechanisms (that is, the exchange for another regulated market-management model). The real external and internal economic situation of the East European countries and the economic and foreign-political priorities alike have changed substantially since the plan-directive economic mechanism was introduced in the 1940's. The recentralization trend of the 1970's has not proved convincing, and in fact the possibilities of its viability are not even in the perspective of the whole 1980's.

The important difference in our days is that, as compared to the reform wave of the 1960's and the growth-accelerating trend of the 1970's, the economic policy at present of every East European country has recognized that the foreign-economic and management-system factors are closely related to each other. In each country, measures have been taken that are starting to dissolve the complete isolation that was again created in the 1970's in the domestic and world economic sphere. This trend exists most tangibly in the case of Hungary and to a certain extent Poland, where the spread or implementation of the comprehensive reform of the economic mechanism is directly linked with the foreign-economic difficulties of the country.

The other East European countries are taking extremely noteworthy steps, even though within the limits of the plan-directive system. Similar to the measures taken in Hungary in October 1981, Romania, for example, has introduced the unified exchange rate for the lei within the framework of the officially declared goals of the convertibility of national currency. From the institutional aspect, the GDR has established an organic relationship between production and foreign trade in that it has linked the specialized foreign-trade enterprises to the industrial combines (in various organizational forms). The CSSR is gradually bringing the relative prices of fuels and raw materials closer to the world level in harmony with intra-CEMA changes. The first step was the simple revision of the fuel and raw-material producer prices first in 1979 and then in 1981 (in some cases a 50 percent increase), which will be carried over into further phases of the processing industry price revision planned for 1982. It is once again beginning to apply the recurring foreign-currency credit program and it is being debated whether the base of the official producer prices should be in part the actual import price in place of domestic

price cost. Bulgaria introduced management measures in 1979 which are called the "new economic mechanism"; it was a strong and central element in directly linking domestic prices to the foreign market (primarily CEMA) prices. It is the common characteristic of the management measures taken by all the East European countries that they do not regard these steps, taken in relation with new developments in the world economy, as a completed process. The view is generally accepted that the economic mechanisms of all the East European socialist countries must be developed further in order that the individual national economies will be more sensitive to changes in the world economy and they can adjust to these changes more flexibly.

6691

CSO: 2500/234

GREATER CEMA TECHNICAL COOPERATION URGED

Bucharest REVISTA ECONOMICA in Romanian No 20, 21 May 82 pp 11-12

/Article by Aurelia Resiga: "Romania's Technical-Scientific Collaboration with CEMA Countries"/

/Text/ Science and technology cannot develop under the best conditions without regular meetings and contacts among the scholars and specialists in various countries. The regular flow of information has always been a stimulating factor and therefore absolutely necessary to the creative process.

Now that the role of science in social development has grown spectacularly, man's progress is inconceivable without extensive use of the scientific advances made in various countries and without close international collaboration among scientists.

Engaged as it is in a sustained effort toward economic development that will place us among the states with medium development, Romania is particularly interested in prompt and efficient use of modern scientific and technical advances. Moreover the achievements of Romanian science can also make valuable contributions to general scientific-technical progress.

Romania constantly emphasizes collaboration with the socialist countries in its international scientific-technical relations, being keenly interested in solving, by joint efforts, some research and development problems highly critical to its national economy. According to the said directive-program for research, those problems concern exploitation of the reserves of raw materials, fuels and power, expedited development of nuclear power engineering, accelerated use of new energy sources, and promotion of modern technologies in metallurgy, chemistry, machine building, electronics, agriculture and the food industry.

Expansion and diversification of the socialist countries' economic potential and the rapid development of their productive forces has enhanced the role of science and technology in their economies and the importance they attach to scientific-technical progress in building the new society.

As a natural result of their internal development and in order to meet its requirements, the socialist CEMA countries have consistently expanded and intensified their technical-scientific relations. This process was greatly affected by supplementing

and consequently strengthening direct cooperation in the form of the bilateral mixed governmental commissions by organizing multilateral collaboration among those countries.

Accordingly, a broad organizational framework for multilateral collaboration was gradually adopted by creating a large number of economic and scientific-technical international organizations and international research institutes, centers, laboratories and collectives, and also by concluding over 150 multilateral agreements for collaboration on specific research problems.

This framework permits scientific-technical collaboration among the central organs in that field, the economic ministries and the scientific academies, as well as extensive direct cooperation among the research organizations, industrial centrals and enterprises.

The problems treated in collaboration are highly varied and in such important fields as scientific-technical forecasting, research and development, documentation, patents and inventions, improvement of scientific personnel, technical-material resources for research, etc.

The forms of cooperation in use vary with the levels of the organs or organizations of the collaborating countries, extent of application of the results, the period for which collaboration is arranged, and especially the nature of the program or field of collaboration.

Consultations on the main problems of scientific-technical policy held on the decision-making levels in the countries' central organs have proved useful for mutual determination of the policies on the trends of technical progress and for organization of research and of assimilation of the results in production. These consultations also include exchange of views on the progress of collaboration, the bottlenecks in it, and the priorities to be emphasized.

Coordination of research projects of mutual interest is the form of collaboration most frequently used in the CEMA countries' scientific-technical collaboration. It has occasioned a broad exchange of information on the research findings, regular contact among specialists, and systematic knowledge of the various scientific opinions and hypotheses. It has facilitated mutual access to the scientific-technical values, with good effects to the advantage of the partners.

Of course the most efficient form of collaboration would have been cooperation on research, planning and assimilation of the results in production on the basis of contractual agreements among the collaborating organizations, including firm commitments of the partners and specific terms of collaboration, and that result was expected by the countries when they concluded the said multilateral agreements. But this form of cooperation has not yet reached the desired development in the multilateral framework, and exchange of information on the research results is still the chief form of collaboration. This situation has encouraged the widespread development of collaboration with no provision for any division of labor in research or maintenance of the quality of the exchanged information at a satisfactory level. Note that the most conclusive results in that respect have been obtained bilaterally through cooperation arranged within the countries' mixed governmental commissions.

Forms of collaboration involving temporary combination of the material and manpower resources of partners interested in solving particular research and development problems of major importance within a specific deadline and in the so-called temporary international collectives of specialists or other such forms have proved effective and consequently should be used where they prove suitable. But the results of collaboration indicate the necessity of avoiding organization of international budgetary forms operating on the basis of the countries' contributions, because they usually encourage activities with no practical effectiveness for the countries.

Active Presence, Notable Contributions in Various Fields of Research

CEMA plays an outstanding part in determining the structure, forms and problems of the CEMA countries' multilateral scientific-technical collaboration. That organization conducts an extensive activity of methodological-organizational, financial and legal guidance for all forms and units of the said collaboration, in addition to its own effort to organize this collaboration in the main economic sectors and fields.

CEMA is also the framework wherein the member nations' organs and organizations prepare the draft agreements for collaboration and analyze the results periodically.

The 25th Session of CEMA in July of this year in Sophia, on the level of the heads of the member countries' governments, was such an occasion for analysis. Among other problems important to the member countries' economies, they also analyzed further improvement of scientific-technical collaboration to create modern technologies and equipment and new materials and to expedite their introduction in production.

Romania's participation in the CEMA countries' multilateral scientific-technical collaboration is very active, for purposes of better use of its own research effort and aiding the transfer of advanced technologies. Thus Romania participates in the Unified Institute for Nuclear Research (Dubna, USSR), in the International Center for Scientific-Technical Information (Moscow), and in the international conferences on basic research and space research activities.

An international laboratory was founded for the CEMA countries under the Cimpina Research and Design Institute for Petroleum and Gases, which studies fluids and cement pastes for drilling oil and gas wells. Specialists in Romanian research institutes participate in the temporary international research collectives for reactor physics (Budapest) and for processing waste paper in a mixture (Lodz), and they collaborate with such collectives formed for problems of selection of wheat and barley varieties and of embryo transplants in cattle.

Meanwhile Romanian research organizations are collaborating with their partners in the CEMA countries under more than 100 agreements for multilateral collaboration concluded in the last 10 years. In connection with the signed agreements Romania coordinates operations for a great many projects of particular interest to the Romanian institutes and, for the same purpose, it performs the function of a coordinating center for five agreements on such important research and development problems as rationalization of drilling processes, direct reduction of the iron in ore, acoustics in construction, nondestructive testing methods in construction, automation means, and telemechanics and telecommunications in transportation.

The extensive and varied problems in which the Romanian research organizations participate flow from their own research plans and are in the fields important to the national economy.

A group of such problems of particular interest to Romania concern expansion of the fuel and energy resources as well as conservation and better use of the resources Romania has. These include development of technologies for rational management of energy resources, recovery of secondary energy resources, better use of coal (including inferior coking coal), crude oil and gases, use of nuclear energy, obtaining energy from new, unconventional sources, construction of highly efficient power installations, etc.

Problems of research on development of the raw material base are of equally great interest, such as development of geological and geophysical equipment, as well as technological processes and equipment for highly efficient processing of mineral raw material resources, especially those with a low content of useful substances, better exploitation of rare metal and nonferrous ores, etc.

The Romanian specialists in ferrous metallurgy are collaborating with the researchers in the partner countries to perfect the technologies for production of special steels and rolled products, for more intensive use of the metal, including metal wastes from the metallurgical processes, etc.

Collaboration in the field of chemistry is producing good results, especially in development of new and highly effective chemical products like plastics and synthetic fibers, the low-tonnage products, proteins and enzymes for agriculture, and industrial catalysts. The Romanian specialists are also interested in better exploitation of crude oil and gases, development of petrochemistry and organic synthesis, use of raw materials other than petroleum, and recovery and exploitation of used chemical raw materials.

Romania is also actively collaborating on the peak sectors of the economy in order to develop and assimilate modern, highly productive equipment and technologies consuming less fuels, energy and materials as well as equipment for automated control of the production processes. Accordingly the Romanian research organizations are participating in more than 45 agreements for scientific-technical collaboration on machine building and the electrotechnical industry, where major results have been obtained in shipbuilding and ship equipment, road construction equipment, agricultural machines and machine systems, the bearings industry, the automotive industry, welding equipment, etc.

In the field of agriculture and the food industry, the Romanian researchers are collaborating effectively with their partners on increasing livestock production by transplanting embryos, especially in cattle, and good livestock foddering, and raising the agricultural output by developing new and highly productive varieties of plants and new types of fertilizers with better properties, by creating systems for integrated pest control, and by recultivating lands impaired by mines.

Increasing the productivity and promptness of shipping by rail and highway and in containers is another important field of scientific-technical collaboration showing considerable results.

Important cooperative programs are being implemented in the field of outer space research, in pursuance of the conference of the national organs for space activities in the CEMA countries, through the development by Romanian specialists and testing on Soviet satellites and spaceships (including the one on which the Romanian cosmonaut flew) of a number of highly important devices for outer space research. Their

production will give Romania an important place among the countries producing such devices.

Economic Effects Warranting Consolidation of Cooperation by Firm Contracts

Scientific-technical cooperation helped to enhance direct ties between the Romanian research organizations, centrals and enterprises and the comparable organizations in the other countries. This facilitated exchange of experience and mutual knowledge of the results.

In the course of collaboration scientific-technical measures were developed jointly, technical parameters and standards for machines, equipment and technologies were adopted, and expertise was effected. All this helped to lower the costs of research, design and assimilation of some products, equipment and technologies, especially by advancing the planned research deadlines, to reduce some inputs of raw materials, fuels and energy, to eliminate some imports and to create conditions for expanding the exports in the CEMA countries.

Despite the good results recorded, the contribution of scientific-technical collaboration to the development of the national economies is below its potentials. It has not contributed enough to the solution of some major problems of technical and technological progress or to the development of products, machines, equipment and technologies with superior parameters comparable to those on the world level to replace the expensive imports of licenses and highly productive technologies and equipment from other countries paid for in convertible foreign exchange.

In view of Romania's keen interest in considerably increasing the effectiveness of scientific-technical collaboration, the head of the Romanian delegation to the CEMA session in Sophia criticized in his comments the present dispersion of collaboration over an unduly large number of subjects, often of little importance or urgency, and emphasized the need of concentrating the joint efforts upon the solution of some priority problems of development of the countries' economies in connection with growth of labor productivity and substantial reduction of consumption. The problems of scientific-technical collaboration of particular interest to Romania, also stressed on this occasion, are development of methods for better processing of energy resources and mineral raw materials, development of modern equipment to lower the inputs of fuels, energy and materials as well as machine systems for overall automation of the production processes, and assimilation of new products with technical-economic characteristics up to the best performances in the world, which the CEMA countries now have to import for convertible foreign exchange.

Orientation of all scientific-technical collaboration to obtain definite results in the form of advanced technologies, models, licenses etc. as quickly as possible was discussed in this connection and in connection with more extensive use of the contractual forms of collaboration including well-defined deadlines and objectives.

The experience acquired in these relations justifies us in maintaining that fulfillment of the provisions adopted at the session of the Council concerning strict selection of the problems of mutual interest with prospects of solution by collaboration and concentration of the joint efforts upon them, organization of collaboration on the basis of contracts with firm obligations to the participants, and preparation of cooperative programs for the whole cycle from research to assimilation of the findings and organization of specialization and cooperation in production can lead to a substantial gain in the effectiveness of this activity.

SHORTAGE, POOR QUALITY OF CERTAIN CONSUMER GOODS CRITICIZED

Sofia OTECHESTVEN FRONT in Bulgarian 28 May 82 p 4

[Article by Metodi Genov: "'Iron' Rules of Small Hardware Items"]

[Text] Why is it that precisely the items in demand are unavailable at the marketplace? Who will resolve the problems of the "producer-merchant-consumer" triangle?

Anyone who takes up a project immediately comes across the "not available" feature in our hardware stores. There are no bolts, nuts, hinges, or zinc-plated wire. Even the most ordinary bolts are lacking, not to mention bolts of the "federshayba" variety, which have never been procured.

We have already become accustomed to the lack of even the simplest and most basic small hardware items. This has been confirmed in recent months as a result of extensive observations and investigations conducted by control organs in a number of okrugs, trade organizations, stores and manufacturers. The data supplied by the trade organizations generally clarify the condition regarding the production and trade in hardware goods. The substantial gap between production and consumer demand has been unquestionably established.

The information provided by the Blagoevgrad Okrug people's council states that ". . . The contracted for varieties and quantities do not meet the needs of the market. Limited quantities of items are offered by state and cooperative enterprises and every year variety is declining. Essentially only more expensive items are offered and only 70 to 80 percent of the orders are accepted. . . ." The orders themselves are based on a 1969 list which does not reflect increased requirements. That is why "shortages exceed 60 percent."

Last year, the Wholesale Trade Okrug Enterprise in Tolbukhin requested from the Stoyan Buchvarov Plant in Sevlievo 56,000 water taps but had to settle for no more than 7,860. The enterprise requested 13,220 tub and sink units but received 2,586; only one-half of the spare parts for water main systems needed by the okrug could be contracted for. The Surp i Chuk Plant in Stara Zagora sent to the Tolbukhin trade enterprise only symbolic quantities of axes and adzes; the Metal Plant in Varna delivered only 600 padlocks although 8,000 were requested. The Stakhanov Labor Cooperative in Petrich, the Granichar DMS in Momchilgrad,

the Petko Denev Plant in Gabrovo and dozens of other enterprises are fulfilling their contractual obligations toward this okrug on a level which is far below their possibilities.

Store shelves are empty not only in Tolbukhin but in the other okrugs as well. For example, contracts were signed for no more than 7 to 63 percent of the requested metal casings, fittings, straight shovels and picks, axes, adzes, plumbing equipment, instruments, and others, requested by the Trade Economic Enterprise and the Wholesale Trade Okrug Enterprise in Varna for the second half of the year. It is precisely in Varna Okrug, which has a large number of enterprises engaged in the production of small hardware items, that shortages are particularly severe!

Unquestionably, the main culprits for the lack of petty hardware items are the producers. However, many commercial workers are still unfamiliar with actual population requirements, for they do not systematically study consumer demand.

Good Management Requires Knowledge of the Market

The information supplied by the okrug Wholesale Trade State Economic Trust enterprises and some "trade bases" and specialized stores indicates that most of the stores are unfamiliar with approximately what volume and type of goods are included in the "nomenclature" of petty hardware items. With the exception of several stores in Vidin and Blagoevgrad, there is unfamiliarity with the so-called "minimum variety" which indicates the type of orders to be placed.

The manager of the specialized store on No 75 Georgi Dimitrov Boulevard in Sofia, states that the nomenclature of petty hardware items includes more than 350 varieties; the manageress of the store on No 11 Zhdanov Street in Sofia claims that both last and this year the variety included from 120 to 130 different items; about 100 are regularly available while some 30 items are received after substantial time intervals. Other reports inform us that there are 800, 900 or 1,000 varieties (Veliko Turnovo), that there were 1,500 4 to 5 years ago and that they now number 1,800 (Gabrovo), etc. The same reports inform us that the stores carry regularly 50 to 60 varieties or, occasionally, some 100, which are sold out rapidly.

It turns out that commercial workers are simply unaware of or uninterested in what their stores should stock.

Many of them work on the principle of "whatever they give us we sell." This carelessness unquestionably begins with the producers. However, who will defend the interests of the consumers if not the trade worker?

During the past 10 to 15 years the possibilities of state and cooperative industrial enterprises have increased considerably. That is precisely why we cannot be satisfied with the condition on the market for petty hardware goods. Some 100 new types of varieties have appeared. Meanwhile, however, two to three times more traditional items have vanished.

Who is the culprit? On the one hand, we have a firm production base and, on the other, a secure market. In the middle, however, it is the trade organization, which many people are inclined to accuse of inability to organize a good market.

"Is poor quality the reason for shortages?"

Here is what our reader Vasil Popov, No 16 Aton Street, Plovdiv, writes: "Last year I bought a straight shovel. However, I had barely shoveled out a square meter of earth when the edge began to bend, followed by the middle. I had to throw it away. I bought a second, which was no better than the first. Is it difficult to make such goods last years on end? In such a case they would always be available. The same applies to saws--hand and double. Most frequently the teeth are dulled (particularly in the double). The moment this occurs, the tool must be discarded, for there are no spares. Recently ordinary saws with an iron beam appeared on the market. Someone must have missed something, for the saw is so heavy that it exhausts the people. Axes are equally substandard with large pores and bent tips. Had all of these cutting tools been qualitatively made, in all likelihood there would have been no shortages!"

The investigation revealed that most small hardware goods are indeed defective, with airpockets, corrosion on the surface, poorly cut teeth and other seemingly minor faults which become apparent mainly when the tool is used.

The Wholesale Trade Okrug Enterprise in Varna as well complained of receiving substandard small hardware goods. Nearly one-third of the pliers supplied from the Arda Plant in Kurdzhali were corroded and had to be sent back. After a while, pliers with "improved" appearance were received, but their defects reappeared 3 to 4 months later. The pliers remained unsold and the trade organization is refusing to sign a new contract with the same enterprise. Hand pumps for wells, vine sprayers, metal-cutting shears, padlocks, and straight and bent shovels, worth 23,836 leva, produced by the Edinadeseti Kongres State Production Enterprise in Peturch Village, Sofia Okrug, and other goods were equally substandard. The Wholesale Trade Okrug Enterprise in Tolbukhin filed claims against 13 enterprises for goods worth about 49,000 leva. The Gabrovo Wholesale Trade Okrug Enterprise as well was dissatisfied with goods worth about 14,000 leva, received from 11 factories and plants, such as the Georgi Dimitrov KSM in Ruse, which delivered substandard garbage-cleaning shovels, the Georgi Dimitrov Shipbuilding Yard in Varna, which delivered defective floor pumps, the Khristo Smirnenski State Industrial Enterprise in Sandanski, which supplied garden rakes, the machine building plant in Pavlikeni, which supplied picks, the Anton Ivanov Machine Building Plant in Plovdiv, which supplied vises, and others. In under 1 year the Wholesale Trade State Economic Trust has drafted 70 protocols on substandard hardware goods worth about 500,000 leva.

The quantity and quality of available "consumer hardware goods" have dropped substantially. According to Iliya Dyankov, from the Wholesale Trade Okrug Enterprise in Varna, "In practice, despite the many meetings held with the producers, the latter agreed to manufacture only some goods (most of which not particularly needed or convenient), which are usually economically profitable to them.

"We are offered very expensive items which, naturally, we cannot accept. For this reason, we are not particularly successful in our joint work, which includes a number of local industry enterprises as well. . . . Given these circumstances, the prospects for 1982 as well will be no different. Steps must be taken to improve the organization and management of this sector."

The packaging of the hardware goods is also substandard.

Many enterprises do not make permanent identifying marks on their goods, which leads to claims and the possibility of misuse. Of late this phenomenon has become more apparent. Let me point out merely a few plants which used to label their goods properly but which are no longer doing so: the Surp i Chuk Plant in Stara Zagora, the Gen. Lavrov Plant in D. Dubnik, Pleven Okrug, the Budeshte Plant in Dragoman and others.

It is time for the production of and trade in petty hardware goods to come out of this dead end and assume its proper position on the Bulgarian market. The State Committee for Science and Technical Progress must help to eliminate shortcomings, mostly those of a technological and economic nature, which are now holding back the production process. The State Committee for Planning, in turn, must allocate some materials for the manufacturing of such goods in demand and control their proper use.

We should think of creating a separate organization which would assume the management and organization of the manufacturing of so-called hardware items. We should perhaps also set up regional economic combines under a general management, thus combining the efforts of the individual local and cooperative industry enterprises which would engage in the specialized production of consumer hardware and appliances, such as the Electric Household Appliances Economic Combine in Varna or the Dograma Economic Combine in Sofia. The bulk of the work, however, should be done by the industrial enterprises which must organize the manufacturing of small hardware goods in demand by the population, and by the trade organizations which must be aware of what is unavailable on the market and persist in their efforts to procure it. To this effect the old nomenclature must be updated and expanded.

Petty hardware items are not a petty problem. Such goods must be made available in adequate amounts in all conurbation systems, along with bread, meat, shoes, clothing, furniture and television sets. . . .

Balloon caption:

"I will let you have the big donkey if you sell me shoes for the small one...."



5003
CSO: 2200/112

IRREGULARITIES, THEFTS IN PUBLIC SECTOR OF AGRICULTURE EXAMINED

Sofia ZEMEDEL'SKO ZNAME in Bulgarian 22, 27 May 82

[22 May 82 p 2]

'Chain Reaction'

[Article by Senior Scientific Associate Candidate of Juridical Sciences Petko Tsankov]

[Text] By decision of the collegium of the Ministry of Internal Affairs and the Executive Committee of the Central Council of the National Agroindustrial Union, a sociological investigation was conducted in Burgas, Vratsa, Pleven, Plovdiv, Sofia and Tolbukhin okrugs on the subject "Factors Leading to Crime and Other Delinquencies in Agriculture." The purpose was to formulate specific measures for the elimination of the reasons and conditions which lead to encroachments on agricultural production and the irresponsible attitude toward it, as a result of profound studies and thorough criminological analysis. The views of the law and order authorities, the Committee for State and People's Control and the agroindustrial complexes have already been studied. Currently a group of authors is processing the collected data and drafting the concluding materials.

A representative of this newspaper asked Senior Scientific Associate Candidate of Juridical Sciences Petko Tsankov, from the Scientific Research Criminology Institute, head of the research project, and the other members of the collective to share their conclusions with the readers. Following is his summation.

It is the petty nature of thefts in agriculture that makes them widespread. This precisely is the alarming feature! Observations have indicated the existence of a psychosis, a chain reaction which leads to brutal encroachments on the national property. Even a court sentence or a jail term are no longer considered socially "damning." It is as though the feeling of intolerance has been forgotten and that indifference has converted from an exception to almost a principle.

The reasons for this phenomenon are both objective and subjective. In many cases, however, they are so tangibly interwoven that it is difficult to trace the line between them. The problem becomes even more difficult if we add the conditions for crime. We must include as crime-originating factors violations of socialist discipline--state, labor, technological, contractual and financial. Let me discuss each one of them briefly.

Disciplinary violations are due to reduced strictness and poor control. This accounts for 14.6 percent of crimes for which court sentences have been passed. Obviously, here everything is traced to the subjective factor, to weaknesses allowed by responsible economic personnel.

The second most important reason for such violations is the careless attitude toward materials, produce and equipment, which has led to crime in 12.5 percent of the cases.

That is why it has become necessary to adopt a punitive law which would guarantee the effective protection of such public interests. Such laws may be found in the penal codes of other socialist countries.

The almost complete or total lack of protection of such items is a widespread phenomenon. Decree No 52 of the Council of Ministers of 1978 was not passed by accident. Unfortunately, to this day, despite the stipulated penalties and the steps taken mainly by the people's militia organs, only 3,129 of 3,398 projects are guarded. Only 9,839 watchmen have been appointed instead of 11,995 as required.

The fact that this is the case is proved by the study of criminal cases. Approximately one-quarter of all crimes were made possible because of lack of watchmen or because there was neither fencing nor lighting around the projects.

Extremely obsolete or nonexistent warehousing facilities are another clear confirmation of the underestimated role and significance of such facilities. Even new construction, although sporadic, is not consistent with modern requirements governing the preservation and protection of the produce. Consequently, the largest number of crimes involving agricultural produce is found wherever such produce, fertilizers and equipment are left in the open and stored in unsuitable warehouses.

Weaknesses in primary accounting are the reason for illegal acquisitions in all economic sectors. However, it is perhaps in agriculture that they are the most acute and most flagrant. Both in crop growing and animal husbandry accountability is at an exceptionally low level. The produce and the output in animal husbandry, etc., are left either unrecorded or are recorded inaccurately. Violations are particularly frequent in writing off livestock and in drawing up death certificates. Approximately 10 percent of the crimes are the result of improper filling and processing of primary documents, failures to record some of the produce and shortcomings in basic bookkeeping.

Control at all levels--both internal and external--is unsatisfactory. This particularly applies to internal control in its three varieties--preliminary,

current and subsequent--which is the duty of the chief bookkeeper. Lowered supervision of the drafting of primary documents and accountability of agricultural output account for one-sixth of all crimes.

The shortcomings of outside state control may be reduced mainly to violations of the stipulations regarding the frequency of audits and their not always profound and qualitative conduct.

Self-satisfaction is also of major social importance. Laws regulating it were promulgated within a relatively short time. The latest decree, which is Council of Ministers Decree No 11 of 2 March 1982, resolves a number of important questions. Nevertheless, it is hardly likely to stop familiar crimes related to machinations in supplying the farmers with fodder, nonexistent contracts for raising cattle, etc. We know, however, that loopholes for violations can always be found if we do not respect the letter and the spirit of the laws.

We believe that it would be socially justified to establish greater guarantees for the protection of public property under self-satisfaction conditions. Both the previous and the present decrees, for example, do not limit the number of animals which could be raised by a single household. Practical experience indicates that in frequent cases large numbers of animals are purchased for raising without the necessary conditions being present. Naturally, the shortage of fodder is compensated by stealing, grazing the herds on APK land, etc. In order to avoid such phenomena, the local state management organs and social organizations should be asked to assess the possibilities of the individual families to raise cattle.

[27 May 82 p 2]

'Sentence' Is Final

[Article by Scientific Associate Candidate of Juridical Sciences Yuliya Boyadzhieva, Scientific Research Criminology Institute, and Vasil Popov, member of the Council for Criminology Research of the Chief Prosecutor's Office of the Bulgarian People's Republic]

[Text] Scientific Associate and Candidate of Juridical Sciences Yuliya Boyadzhieva, Scientific Research Criminology Institute:

Unenviable Championship

After trade, agriculture is second best in terms of the number of crimes which have ended with court sentences.

What are these crimes? Leading among them are thefts of agricultural property, accounting for two-thirds of the total. They are followed by illegal acquisitions by officials, 15.1 percent; document frauds, 4.7 percent; destruction and damaging of farm property, 3.3 percent; negligence, 2.3 percent, etc. Their steady growth has been an alarming fact. Thefts increased by about 20 percent while acquisitions, fraud by officials, negligence and others have increased by about 50 percent between 1972 and 1981.

Material damages from crime are rising particularly rapidly. They have more than doubled over the past 10 years. We are also concerned with the low percentage of damage restorations, which has reached only 53 percent but which, with some types of crimes such as negligence, or destruction and damaging of agricultural property, is barely between 7 and 17 percent.

Compared with the other economic sectors, most crimes in agriculture are petty--50 percent of them not exceeding 100 leva. About one-third of the crimes range from 100 to 500 leva, and the remainder exceed 500 leva. This includes larger acquisitions and all cases of negligence.

Crimes in agriculture are distinguished from the other sectors by the target of the crime. Most frequently this applies to unsupervised farm produce. The results of the investigation indicated that one out of three crimes affect produce (corn most frequently). Other vulnerable areas are fodder (12.2 percent), cattle (12.5 percent), cash (9.6 percent), fuels (6.8 percent), etc.

Bearing in mind the greater effectiveness of general and individual preventive measures, knowledge of the characteristics of the crimes, based on position held, is of great importance. According to the investigation, more than one-half of such crimes are committed by people who are not employed in agriculture--58.4 percent. Nevertheless, a substantial share of the thefts--41.6 percent (i.e., almost one out of every two!) are committed by officials--crop growers, livestock breeders and mechanizers.

Illegal acquisitions, document frauds, and crimes committed on duty and document crimes are committed mainly by officials (81.2 percent) of the branch farms of the APK--crop growing and animal husbandry workers (24.4 percent), managers of production sectors and brigades, chiefs of sections (21.7 percent), bookkeepers, storekeepers, cashiers, stewards (13.4 percent), etc.

These percentages are indicative of the weaknesses in the selection and educational work with officials within the APK system.

Vasil Popov, member of the Council of Criminology Research at the Chief Prosecutor's Office of the Bulgarian People's Republic:

Preventive Activities Must Be Energized

A number of party and state documents call for energizing preventive activities in the observance of the law and preservation of socialist property and making control the main direction followed in preventive work.

This direction offers a tremendous field of activity in agriculture. In this area substantial losses are still allowed to occur as a result of fires caused by negligence, cattle mortality, destruction, thefts, negligence, waste of expensive equipment and improper utilization of warehousing facilities....

However, preventive activities hardly involve merely the explanation of laws and other normative acts. Prevention requires something else as well, which is

efficient and realistic: agricultural property must be kept under lock and key once it has been removed from the fields. It must be protected and accountability documents must be strictly drafted and controlled.

At the Trakiya APK in Plovdiv, I. D. stole in one fell swoop 58 sheep and 46 lambs worth 14,201 leva from the sheep farm of Kolekovets and Voysil villages! All of this remained . . . unnoticed! In the middle of the night, totally undisturbed, he took the animals out of the livestock farm of the two branch farms and during the day took them on a truck to the Rodopa Raising Farm in Stanke Dimitrov in accordance with a signed contract. (There was no night watchman in Voysil, and we do not know where the Koletkovets watchman was. . .)

Again because of poor supervision, on several occasions D. S. loaded bags and cases with wheat from the farmyard of the Kamenovo APK, which he subsequently sold to private citizens. This once again justifiably poses the question of how long will it be before farmyards are fenced and left unsupervised, thus facilitating the thieves? Is it not time to standardize methods for storing and protecting farm produce, as we do in the other economic sectors?

Another no less alarming question is the mass nature of petty thefts. Cherries and beans are stuffed in bottles, dried peppers and grain are put in bags and baby carriages, etc. Great inventiveness is being displayed in this respect. However, no one has ever pointed this out, as though everything was normal. There have been mass thefts of bales of straw left without permanent supervision from the fields of Rosen Village, Burgas Okrug. Was no one impressed by this fact, have the neighbors failed to see such bales being brought in? . . .

I read in a penal case that 123 bales were confiscated from the home of I. Stoyanov. He told the criminal investigation organs that "I knew that it was forbidden but seeing how people were helping themselves freely, I thought that it was permitted. . . "

I read in another case that in the Kraymore . APK, Ravna Gora Branch (and elsewhere), whenever farmers happen to lack fodder for their private cattle they immediately take it from the cooperative. Some do their stealing with carts drawn by donkeys, others carry the stuff themselves, everyone doing as best he can. Finally, instead of such people being prosecuted and the straw bales confiscated, the people were asked to pay for them and their action was "legitimized." In this case a crime was not countered properly. That is what makes thefts of farm produce twice more dangerous. There is neither shame nor embarrassment. One can steal with impunity, for no one is held strictly to task!

In this respect yet another problem must be considered from a different angle: how to put an end to thefts when there is a shortage of fodder for privately owned cattle? In such cases, preventive activities demand of the state and economic organs to cooperate in procuring the necessary fodder.

Another problem should be considered as well, that of the underestimated role of public pressure. Comrade courts are being used extremely insufficiently. The people are unwilling to criticize or make remarks in order not to be hated by their fellow peasants or by the thieves of farm property themselves.

Free gifts of produce presented to guests is having an adverse effect on the farm workers. It is high time to stop issuing notes to watchmen "legitimizing" the taking of produce.

Many of the problems related to the preservation of agricultural property and produce exist, but not one of them can be properly resolved without developing in every citizen and working person the feeling that he is the real owner of the socialist property!

5003

CSO: 2200/112

BULGARIA

OPERATION OF RAILWAY SERVICE EXAMINED

Sofia VECHERNI NOVINI in Bulgarian 30 May 82 pp 1-2

[Article by Nikolay Cheshmedzhiev: "Accelerated Rhythm Along the Railroad Arteries of the Homeland"]

[Text] The documents of the 12th BCP Congress paid particular attention to railroad transportation. What is the situation now, what is the pace of the work and what are the prospects? These are the questions we are discussing in this issue with Stoil Ferdov, deputy minister of transportation and general director of the Bulgarian State Railroads Economic Trust.

It would be difficult to conceive of the millions of tons of freight, goods and raw materials without transportation arteries. The acute energy crisis of recent years and the sharp increase in liquid fuel prices worsened further the problems of the structure of the transportation system. Motor vehicles are becoming increasingly unprofitable and many countries are turning to rail transportation.

Were we ready for this stage?

Yes and no. Our railroad transportation system achieved remarkable successes over the past 25-30 years. Within a short time we converted from steam to electric and diesel traction and laid the beginning of doubling railroad tracks and their electrification, updated a considerable percentage of the railroad car fleet, and applied loading and unloading mechanization, containers and pallets. However, the needs increased as well. A disparity developed between the new requirements and the possibilities of the railroad transportation system.

Stoil Ferdov: The underestimating of these problems led to a certain lagging of the railroad transportation system compared with requirements, the development of excessive stress in its operations and a number of difficulties in satisfying the transportation requirements of the national economy and the population. Difficulties developed in transportation services provided to major industrial projects.

As always, this time again the BCP Central Committee and the government displayed concern and attention toward the problems. On Comrade Todor Zhivkov's

personal initiative and with his help important documents were adopted, such as the decision of the BCP Central Committee Politburo and the Bulgarian People's Republic Council of Ministers decree of the end of 1980. The resolutions of the 12th BCP Congress and the Eighth 5-Year Plan provided additional impetus.

The 1982 results have been eloquent.

Stoil Ferdov: During the Seventh 5-Year Plan and in 1981 (in particular) 382 kilometers of tracks were doubled and 510 kilometers were electrified. Currently, Bulgaria is in a leading position in CEMA in terms of railroad electrification in percent of the overall length of tracks. More than 81 million tons of freight were hauled in 1981 and the expected amount for 1985 is about 97 million. Electrification resulted in substantial diesel fuel conservation. The possibility appeared to increase the speed of the trains in some sectors, which were repaired or updated. It was decided that the time was ripe for double railroad tracks to be used regularly at a minimum speed of 80 kilometers per hour.

Compared with 1980, freight haulage must be increased by about 20 percent at the end of the Eighth 5-Year Plan. The plans call for the electrification of about 680 kilometers and the doubling of about 400 kilometers of railroad tracks. We shall complete the doubling of the northern main railroad between Sofia, Gorna Oryakhovitsa and Varna, and the southern main tracks from Sofia to Plovdiv. We shall also double the sections from Plovdiv via Stara Zagora to Zimnitsa, which will make it possible for Sofia to be linked with double tracks to the two Black Sea ports of Varna and Burgas. The electrification will close the major Sofia-Ruse-Varna-Burgas-Stara Zagora-Plovdiv-Sofia ring. A very difficult problem will be resolved: within 3 to 4 years we must eliminate the lag in repairs and maintenance of the tracks. Along with doubling the tracks they will be restructured to handle speeds in excess of 130 kilometers per hour.

We, the Passengers

The railroads are still not meeting the requirements of the millions of passengers who travel by train annually. The quality of the services offered the Bulgarian citizen largely determines his labor productivity and mood. Concern for the people applies to transportation services as well, as an area for improving the living standards, for the Bulgarian people will continue to travel more and more.

An interesting statistic: according to a study made in the socialist countries, the individual Bulgarian citizen travels 318 times a year (1980 data), compared with about 257 in Hungary, about 169 in the USSR, 160 in Czechoslovakia and almost 157 in the GDR.... The figure rose to 330 trips in 1981. Naturally, this applies to all types of transportation but the main share goes to the railroads.

Here is another statistic--the punctuality of the trains: our percentage is 91.6. Still, if only 1 out of 100 trains is late it makes an impression.

Stoil Ferdov: The first thing we had to do was to improve train schedule accuracy particularly in the case of express and fast trains. The trouble was that

alongside objective reasons such as modernization and reconstruction without stopping the traffic--we were facing an unsatisfactory organization and low labor and technological discipline..... Currently we are striving to achieve iron discipline and good results have already been attained. Our transportation collectives and managers are becoming increasingly aware of the fact that train schedules are a law governing the work of the railroads. The new economic mechanism is in effect and we are imposing strict financial penalties on the violators. The new train schedule, which was recently enacted, coordinates to a maximal extent schedules with modernization and reconstruction. The citizens frequently complain that the duration of the travel in some sectors has been lengthened. This is true. However, both this year and in 1983 construction work will be very stressed and we shall be enjoying high speeds only at the end of the 5-year plan. Some patience is required in this respect. Judge for yourselves: every year about 9,000 "windows" with a duration of the travel of about 4 hours are opened to meet new construction requirements (doubling tracks, electrification and reorganization of railroad stations), capital repairs and updating of the tracks. All of this requires an interruption of the traffic and of operational work for several hours, which lowers handling capacity and, therefore, the speed.

The difficulties are real but, as we were promised by the Bulgarian State Railroads Economic Trust, they can be surmounted within the next few years. Our people are mature and can appreciate, be patient and understand our position. However, we cannot agree with another manifestation of the subjective factor: the railroad cars are still not properly lit and heated. Trains and railroad stations are not suitably clean, no full information is available to the passengers and, last but not least, there is insufficient respect for the passengers and service standards are low. On our part, we must display greater respect for the work of the railroad men, for this old and honorable profession. Frequently it is the passengers who dirty the cars and destroy government property..... The public and the respective authorities must display a stricter attitude toward hooliganism.

Let us mention briefly another problem: the variety, quality and prices of items offered in the restaurants and canteens of the Restaurants and Sleeping Cars Enterprise. The enterprise is being heavily criticized today, particularly on the subject of prices: it is not normal for a sandwich to cost more than 2 leva and a cup of coffee, 1 leva. Such prices are charged by luxury establishments!

From Bulgaria to the USSR--Friendship Tracks

Our country's largest trade is with the Soviet Union. Here again the railroads have the final say. Let us take the unique transport installation--the Varna-Ilichovsk ferryboat complex as an example. This is the fourth consecutive year in which freight flows along this "blue friendship bridge," the largest freight ferryboat in the world. About nine percent more freight than in 1980 was hauled between Varna and Ilichovsk in 1981. The figure is close to three million tons per year. The Soviet railroad workers are of great help to us in terms of electrification, providing us with equipment, documentation and materials.

Comprehensive Automation and Electronics

This subject, which is topical of the 5-year plan following the 12th BCP Congress, is clearly present in the railroads, although it applies more to the future. However, intensive work is already underway along this line, for the share of automation and electronics in our railroads is no more than four percent, compared with 50 percent in the USSR and Switzerland, 30 percent in the FRG, 55 in Japan and 60 in the United States....

Stoil Ferdov: The intellectualizing of labor processes in railroad transportation during the Eighth 5-Year Plan and through 1990 will be most fully manifested in the decisive application of automation and telemechanics through the use of electronic and conventional control systems. This 5-year plan an integral hierarchical system will be developed, consisting of dispatcher centralization, computer and relay-controlled station centralization systems, automated control of train traffic in the individual sectors and automated control of processes in marshaling yards. All of this will be based on electronics and computers. Such essentially new systems will begin to be applied along the Sofia-Plovdiv sector, which includes three computerized and 15 relay station centralization systems....

The 12th BCP Congress formulated the strategic task of "giving priority to the development of railroad transportation compared with the other transportation systems, with a view to enabling it to assume entirely the transportation of bulk freight and the overwhelming majority of passengers traveling over middle and long distances, as well as a considerable share of suburban and worker traveling." The almost 18 months which have passed since have proved that the thousands-strong collective of railroad workers, which have preserved Georgi Dimitrov's militant behests, can make this change.

5003

CSO: 2200/112

TEN YEARS OF COMPUTERIZATION IN CSSR EVALUATED

Prague HOSPODARSKE NOVINY in Czech 30 Apr 82 p 3

[Article by Eng Zdenek Kotalik, Candidate for Doctor of Science, Engineering Technology and Economy Research Institute, Prague: Computers; Effectiveness of Problems of Computer Technology in Engineering Management]

[Text] The management of the socialist economy as a whole, as well as of its individual elements, is an area where the use of computers runs up against a number of problems. At present, there are quite divergent views concerning the efficiency of their utilization. Critics see the main shortcomings to be the fact that computers are not applied to the key problems of management and that their utilization has not yet been able, to an adequate extent, to change existing and in many ways no longer appropriate management systems. This article is concerned with these issues, but mainly with ways to improve the existing situation.

Critics of the efficiency of the application of computers to management can create the impression that as yet very little has been done in this area. A detailed evaluation of the developments of the past decade, however, indicate the opposite.

[Subtitle Illegible]

At the beginning of the Fifth Five-Year Plan roughly 30 computers were in operation throughout the entire engineering industry. They were being utilized to automate isolated, mutually unconnected and mainly documentary functions. At the present time there are almost 300 of them. Computers have been installed in all large, medium and in some instances small enterprises, in a majority of economic production unit (VHJ) general directorates and in sectoral ministries. It was not easy to start up, often under difficult conditions, this large amount of complex technical equipment, to train the service personnel, the designers, programmers and users.

In accordance with the objective of the announced program for building automated management systems (ASR), during the Sixth Five-Year Plan there was a change from a step by step approach to the building of entire systems with quite a high degree of complexity and internal coordination. To a large extent, a

lack of planning in the introduction of computers was eliminated, and design preparation procedures were united with documentation of the outcomes of the solution. A broad range of managerial employees received their first contact with the results of automated processing and are learning to work with it.

A large piece of organizational work has been completed which has not yet been sufficiently evaluated. Certain measures, such as the bringing of order to technical documentation, to internal enterprise price lists and calculations, the standardization of dials and an increase in the quality of primary documentation, are all becoming evident gradually in improved management.

In spite of these undoubtedly positive aspects, the automation of management possesses a largely extensive character over the broad range considered here. A number of enterprises, organizations and decisionmaking collectives having minimum experience with automated management have been incorporated into the building of an ASR. Success has not yet been achieved, either in a design sense or organizationally, in assuring the objectives of the construction of an ASR of the planned scope. For instance, in the national-industrial distribution system the entire area of inventory documentation has been, for the most part, mastered comprehensively, but only individual calculations related to its planning have been automated because of their great complexity. In the operational planning of a number of enterprises, failure to master the automation of the technical preparation of all products for production has resulted in the delivery of some products into the production process in an automated fashion, with the remainder delivered by hand. Or, automation may be introduced at a central factory. Many times, however, both the work force and technical resources (data transfer, difficult communications with remote work sites, etc.) are lacking to introduce it as well into branch factories.

In completeness and inefficient combination with manual processing reduce significantly the effectiveness of automated management. In some cases obsolete manual processing is not eliminated thoroughly, out of a lack of faith in the new system, out of conservatism, or out of lack of desire to switch to a new, unaccustomed way of working. These attitudes and every additional lack of consistency in the utilization of automated processing have a direct influence on reducing the effectiveness of computer utilization in the management process.

To sum up, there has been success recently in expanding automation to the managements of most engineering organizations, in working out high quality and relatively mature conceptions and aggregate design solutions in the form of design tasks and technical system designs. However, the working out of detailed designs is being stretched out and there are serious problems in the full implementation of the intentions outlined in the design tasks. It is understandable that every delay in the practical introduction of completed designs, or inconsistency or incompleteness in implementation significantly reduces the effectiveness of computer use.

[Subtitle Illegible]

Shortcomings in the implementation of objectives in building an ASR have various causes, the principal ones, in order of importance, being:

There are other reasons as well. It is a matter, for instance, of the issue of compensation for employees of computer centers. These centers are divided up into categories and the main criterion for inclusion in a higher category is the model and equipment of the installed computer. This leads to the submission of demands for the largest computer, but does not stimulate, however, the assurance of an efficient implementation of design solutions. There are similar shortcomings in the motivation of decisionmakers to achieve the maximal effectiveness of designed systems and in that of the managers of user divisions for their implementation.

Where To Search for Sources of Influence?

The fundamental goal of the installation of computers is to make a substantial contribution to improving management efficiency at all levels of the national economy. The most effective area for their application is in planning. The planning system under today's complex economic conditions requires the movement and processing of a wide range of information, the potential to verify the consequences of every long-range measure with complex calculations, to search for the most favorable variants of economic development, to choose an optimal combination of available resources and social needs. Without the aid of advanced computer technology all of this may be provided for only with difficulty.

Planning procedures at lower management levels have a simpler, to a large extent predictable character and may for the most part be entered easily into a computer. The latter is able, due to its rapid computation speed, to determine much better than a human the appropriate course for planned activities, and to increase their efficiency. Among the possible uses is a reduction in the scope of preparation time by producing in economical batches, an optimization of the order of production operations at the workplace so that average machinery and employee utilization, the maintenance of an optimal inventory level in warehouses and in work-in-progress, the choice of the most appropriate preventive maintenance cycles for operating machinery. In these areas there is great unused capacity in our country. A reduction of inventories of all kinds by only 1 or 2 percent would contribute great savings within the framework of the national economy.

At the present time, a conservative approach to the allocation of ever more limited resources is the main criterion for the functioning of the economy. Here as well, computers can make a substantial contribution to the assurance of maximum efficiency by raising the quality of standards and limits on all kinds of consumption, by intensifying the control of actual consumption according to these standards and limits, and by the objectivization of the evaluation of credit for the achievement of efficiencies in consumption, as well as of blame for the violation of standards.

Computers can also contribute actively to a reduction in consumption, for instance by optimizing the cutting plans for metals and fabrics, by the cutting of bar stock with minimal waste, by utilizing tolerances to achieve the most efficient possible combination of charge materials. No less significant is the creation of the organizational, documentational, and other conditions for the utilization of waste materials, which can represent an important source of savings of inputs and raw materials.

An additional, currently very important area is the utilization of computers in transportation management. They can play an important role in the optimization of transportation patterns and the utilization of transportation resources.

Even though it is not primary, nevertheless an exceptional component of the effectiveness of a computer installation is the reduction in administrative work, especially through the automation of the maximum possible scope of routine tasks in the preparation and processing of information. These activities claim an inordinately large percentage of the work force of our national economy, and are often performed with low level technology and therefore with low labor productivity. The results, even though they are so labor intensive, mostly fail to satisfy the needs of contemporary management.

Design preparation for the installation of computers for management should at the same time become a check of the efficiency of specific types of administrative work, as a means for discovering redundancies and gaps in information supply for management, and as a basis for subsequent rationalization. This is a matter, clearly, of a very sensitive undertaking, one which touches the interests of a broad range of people. At present, a lack of consistency in this area is permitting an overflow of discharged employees to other administrative areas, allowing the redundant conduct of previous manual documentation procedures concurrently with the automated, and in certain cases even a reduction in the intensity of work by collectives whose work functions have been taken over by a computer. This situation is in part also the result of the unequal position of the people responsible for the introduction of computers into management on the one hand, and the managers of the user divisions on the other. An agreement is struck under the table: the manager agrees to the introduction of an automated system in his divisions on the condition that this will not reduce the size of its work force.

[Subtitle Illegible]

The achievement of the projected effects from the installation of computers in management is an unusually complex and long-range matter. Even the implementation of individual improvements requires great efforts, the overcoming of long standing habits and, sometimes, even the open or hidden resistance of those who are supposed to use the computer in their managerial work.

The fundamental measures of the ASR construction program have been shown to be correct. There is a lack, just as in other areas of our work, of consistency in their introduction into our life. It would therefore be a mistake to back off from this program or to change its direction. It is rather necessary, by intensifying the management of the entire process of ASR construction, to assure the completion of the designs which have been worked out on a scale of approved design tasks, and to create the conditions for the full and effective introduction of just finished and previously finished designs into managerial work.

In addition, it is essential to deepen the incorporation of managerial employees into the process of preparation and especially into the introduction of automated systems into management. Without the active participation, efforts

and support of managerial personnel, the desired effect cannot be achieved. It is furthermore essential to eliminate the organizational, legislative, and technical obstacles to the effective introduction of computers into management. It is clear that in spite of the progress achieved recently, there are still significant shortcomings in technical assurance, in the comprehensiveness of the production and delivery of computer systems, in their operational reliability, and the availability of deliveries of spare parts and technical service.

In addition to these measures which seek to improve the present situation, it is necessary to think of the long term. Development is being completed of a set of generation computer resources with significantly higher functional capabilities. The current state of the introduction of computers into management must be regarded as only an initial stage of automation from which will arise new, more improved forms. Indications are appearing, however, of undesirable tendencies to operate old or only partly repaired systems on new machines. Such conduct will assure that the discrepancy between the capacity of computers to improve management and the actually achieved results not only will not get any smaller, but will become still more profound.

9276

CSO: 2400/236

IMPLEMENTATION OF SET OF MEASURES IN AGRICULTURE LAGGING

Prague KONTROLA in Czech No 3 1982 pp 5-8

[Article by Engr Jan Koncel, Czech People's Control Committee]

[Text] The adoption of the Set of Measures Concerning the Improved System of the Management of the National Economy After 1980 (hereafter referred to as Set of Measures) has given the latest orientation to a completely new attitude of managers of economic production units to consistently improve the efficiency and quality of all labor, labor initiative, as well as better discipline in fulfilling the plan. It is an indisputable fact that this step alone will not lead to success unless it is implemented in everyday practice and unless those who implement it are willing to take certain risks.

The formulation and breakdown into specifics of the Set of Measures in agriculture has become a process which has not been completed yet.

During the whole of 1980 the VUH's, trusts, enterprises and plants under the jurisdiction of the Ministries of Agriculture and Forestry and Water Management concentrated their attention on applying the Set of Measures to their own specific conditions.

The 4th plenum of the CPCZ Central Committee of October 1981 which dealt with current tasks to develop agriculture and food discussed, in accordance with the resolutions of the 16th Congress, the principles of the improved system of planned management in agriculture. As far as the state directives are concerned, CSSR Government resolution No 249/1981 approved the improved planning in those sectors which provide food for our people, measures affecting the economic system in agriculture for 1982 and, finally, measures concerning the productivity of manpower and remuneration in agriculture for 1982 and other years of the Seventh Five-Year Plan.

The previous complexity in the development of regulations for the implementation of the Set of Measures in agriculture and food industry (variety in agricultural organizations, JZD's, state farms, associated agricultural enterprises, planning organizations, agricultural services, etc.) led to temporary failure in the breakdown of the Set of Measures in accordance with the original ideas and plans in comparison with other sectors on the national economy, for example, industry.

In the Agricultural Sector

The implementation of the Set of Measures in agriculture was and still is lagging behind that in the food industry and agricultural services.

As far as agricultural enterprises are concerned, especially the JZD's, their financial management is still not in line with the financial plan. However, their production and financial plan closely follow their production targets. Similarly, we do not meet the indices of cost profitability and production fund profitability. To explain this situation we tend to point to developments in this sector in recent years and to the fact that we have not yet verified the influence of the devising of the new indicators on the financial situation of our agricultural enterprises. The cost of materials delivered by non-agricultural organizations has sharply increased and primary agricultural production has not been able to radically change this unfavorable influence on output by a necessary increase. Hence, the measures in the system of economic instruments in agriculture for 1982 and other years of the Seventh Fifth-Year Plan try to solve this problem by changes in the purchase prices and other measures affecting crop and animal products as well as by differential bonuses, premiums for higher sales of agricultural produce and grants and subsidies to the agricultural sector which stem from the abolition of fixed prices on fodder mixtures, the second phase of the regulation of whole prices and, finally, the price increases of fuel.

As far as quality, one of the basic incentives of the improved system, is concerned, it is necessary to propose and verify a system of independent evaluation of the quality of complex primary agricultural production. The existing classification of agricultural production by categories (cattle for slaughter, vegetables), even if based on logically determined characteristics, is basically a matter of agreement between the producer as a supplier and the processing industry as a buyer. In practice, it does not affect at all the bulk of agricultural production, i. e., intermediate production (bulk fodder, fertilizers, etc.).

Similarly, it is necessary to solve the serious problem of the effect of weather on the economic results of agricultural enterprises.

The application of the khozraschot is at the present time verified in the agricultural enterprises in Brno-suburb, Kromeriz and Cheb okreses. In order to facilitate this process, the Institute of Rationalization and Management has worked out a new system of technical-economic norms, cost criteria, and standards in crop and animal production.

In Okres Agricultural Administrations and Primary Production

In November 1980, all Kraj and Okres Agricultural Administrations held managers' meetings seminars, attended by JZD chairmen and managers of subordinate organizations, which dealt with the new measures. This was followed by specific seminars, attended by invitation only, of managers concerning wage problems, production problems, etc.

In 1981, the problem of long-range concepts, annual plans, norms, manpower productivity and other issues were discussed in accordance with okres plans which are related to kraj plans. The basic indicators of production were broken down on the basis of assigned tasks to individual agricultural enterprises. Keeping in mind the Set of Measures, these meetings dealt with the problems of manpower norms and cost criteria according to production areas and yields.

The Okres Agricultural Administrations established managing commissions whose role is to prepare proposals for the realization of the Set of Measures under local conditions. Gradually, we can witness the realization of the elements of the Set of Measures in agricultural entities, especially in respect to organization and management and in material incentives. On the whole, we have succeeded in applying some elements of the Set of Measures in establishing basic relations between managers and their subordinates through amended organizational rules and work plans and the division of enterprises among individual centers. These centers have their own complex plan of production, cost and yields, including surplus. In most cases the production targets assigned to each center have been based on the production results of previous years, capacities, and the potentials of each center (number of animals, limits of fodder mixtures, production unit, etc.).

The rules governing material incentives as related to the fulfillment of the plan are being worked out. For example, in the SPZ for Beroun ZV material incentive is related to the marketing of animal products and to the meeting of production targets with minimal consumption of fodder, energy and other materials. Up to 20 percent of wages of individual workers is directly tied to the fulfillment of the assigned tasks. Of this flexible wage component 13.5 percent constitute premiums paid out each month and 6.5 percent are shares. Manual laborers are paid these premiums monthly, technical-economic workers and managers, quarterly. Animal attendants receive premiums in the amount of 5 to 25 percent when meeting the planned indicators and stipulated requirements.

These are:

--Meeting planned profits

--observing the criteria fodder mixture consumption and keeping animal mortality below a recommended level

--personal evaluation (observing technological production processes, etc.)

The decision to pay premiums to technical-economic workers finds its concrete form in premium pledges which determine the tasks to be fulfilled before a premium is paid. In the case of the central managers, involved are tasks which affect the entire center. In the case of other technical-economic workers at the center we are talking about the tasks within the assigned sector but which depend on the entire center to fulfill the tasks. And in the case of the technical-economic workers of enterprises the tasks are related to the fulfillment of the target by the entire center as well as to the fulfillment of tasks in the assigned sector.

Measures aiming to eliminate unjustified differences in production and economic results of agricultural enterprises operating under relatively equal or similar conditions constitute an indivisible part of the implementation of the Set of Measures in the agricultural sector. It is expected that the realization of this task will help to uncover and utilize the existing reserves in agricultural enterprises. This, in turn, directly creates prerequisites for the optimal implementation of khozraschot relations in agricultural enterprises.

The Food Processing Industry is in the Best Situation

The basis of the Set of Measures of the Czech Ministry of Agriculture and Food pertaining to the food processing industry consists of certain facts, verified in practice--as for example the fact that most of the plan and financial operations indicators which in the improved system of management become the decisive indices for enterprises and material incentive were broken down in detail in the food processing industry and already followed in previous years. What is involved here is individual output, cost-effectiveness and production fund rentability. However, there was no reference to material incentive. Also, the system of management and quality evaluation has been applied in the food processing industry for the number of years. It has improved on several occasions and we have enough experience linking the quality of the food processing industry to material incentive. This and other experience, supplemented by the results of experiments conducted in two VHJ's, were fully taken into account in the new system of management. The implementation of the new principles in management, effective in the food processing industry as of 1 January 1981, has not been endangered at all.

The branches of the food processing industry that were examined accepted and concretely implemented in their situation the overwhelming number of ideas and tasks listed in the Set of Measures. For example, seven compulsory indicators have been observed. They include the output of individual workers, production fund rentability, share of turnover fund in proportion to reserves, etc. Other indicators of the financial plan and finances have become a part of the economic plan.

In specific parts of the Set of Measures we investigated different approaches to giving incentives to workers. Branch managers concentrated their attention primarily (with a few exceptions) on the establishment of relations with lower level management. However, it was stated that intra-enterprise and intra-plant relations will be discussed in the future either by VHJ managers or by enterprises (plant OP).

As far as content is concerned, the fact that at the time of the adoption of certain measures we did not know certain general principles--for example, the principles of counter-planning, rules of plan specification and their implementation within the VHJ's, etc.--had an unfavorable effect on applying the Set of Measures in individual branches (as already indicated).

In certain branches which were subject to a systematic review it was determined in the first half of 1981 that the intra-enterprise khozraschot centers were managed appropriately. In most cases, the centers were given the plan of production, sales, wage and manpower fund, cost, operation and surplus estimates in the form of annual budgets which are related to operational plans of

the enterprises. For example, in the case of the Mills and Baking Industry VHJ, the budget takes care of a methodical agreement in bookkeeping in such a way that budgetary expenses are equal to actual entries in the books. This VHJ prepares the budgets for individual centers on a monthly basis. The budgetary items are specified for every operation, and attention is paid to the division of calculating entries. Consumption of direct material, packing materials and direct labor is planned in the budget on the basis of the material and wage criteria determined by the enterprise and applied to real production. Production and administrative overhead continue to be computed on an absolute basis, i.e., 1/12 of the annual cost of the plan. Intra-enterprise transfers are expressed in intra-enterprise prices.

In khozraschot groups individual branches define the basic managing and functional relations of managers and subordinate employees. Provisions exist for taking care of managerial disagreements. In addition to generally accepted forms for solving such disputes, they can also be referred to superior organs. The relations between the superior and subordinate organs are regulated by rules and bylaws of the pertinent units of the VHJ. These relations are specified in the description of individual functions.

In spite of objective difficulties which appeared in the past, we have succeeded within the framework of individual levels of management to project and elaborate general principles for the regulation of the spendable amount of wages and thus also the pertinent relations of collective material incentives up to the level of intra-enterprise organizational units, while taking into consideration their nature and the content of their activity.

It has become a rule that the individual levels of management (a plant or a center) have material incentives in the fulfillment of value indicators, i.e., in the fulfillment of the planned contribution of the center. For example, in the case of the Meat Industry VHJ, the fulfillment of the planned contribution of the center regarding this material incentive is expressed in terms of the volume of production while in the non-productive centers it is expressed in the savings on budgetary expenses. Comparable values in respect to incentives as well as to penalties are worked out in intra-enterprise principles of gains and tied to the economic results of the centers, their work, and the securing of tasks of the plan as well as of all-societal tasks.

The Mills and Baking Industry VHJ introduces, in respect to the branch and enterprise wage regulations, a system under which for products classified (by a testing center of SI/presumably Statni inspekce; State Inspectorate/) as being first class quality there will be a 4 percent increase of the wage fund for a given year. For third class products the amount of the wage fund will be decreased by 2 percent of the volume of sales expressed in wholesale prices. In the case of production of wastes, a hearing will be held to assess the penalties. Also in the case of shortages, damages, fines and penalties rules are being drawn up to be discussed in damage-award commissions which are to propose compensation. Effective 1 January 1982, the branch also takes into account new requirements for material incentives in respect to production quality.

The control of the fulfillment of the assigned tasks is an integral part of the entire khozraschot system. The principle issued by the CSSR Government and the Central Trade Union Council and the implementing directives, determining joint participation of the workers in the drafting, implementation and control of the plans in the 1981-1985 period, have become the basis for control in the drafting, implementation and control of the plans. The minimal time frame for control is a month. However, the overwhelming majority of enterprises and centers check the fulfillment of the main indicators of their plan every 10 days. In certain cases such verification is done every week.

A regular feature of these controls is the analyses of the economy at all organizational levels of the branches. In addition, control is also done at membership meetings of the CPCZ and the Revolutionary Trade Union Movement. Some procedural and operational aspects of tasks and problems are discussed at production meetings.

The participation of workers in management, especially through the possibility of applying labor initiative and in the development of competition, is organizationally well secured. Especially, the brigades of socialist labor have sufficient leeway to show initiative. Competition is directed primarily at the quality of products (plants and operations of exemplary quality) and at flawless work. The use of moral incentives is secured through a form of collective contracts and the complex socialist rationalization.

In spite of the fact that in the overwhelming majority of cases the Set of Measures of the branches correspond to the intentions and ideas of the Czech Ministry of Agriculture and Food and organizationally create good prerequisite for overall economy, there is still some confusion and unsolved problems which, however, leave room for hope for a definite solution.

Further Clarification by the 4th Plenum of the CPCZ Central Committee

The effectiveness of the applied system has been weakened to some extent by the fact that the tasks of the plan could not in most cases be normatively determined and substantiated and by the fact that the applied system has not achieved complete dovetailing and interdependence with the tasks of individual enterprise units and the tasks of the organization as a whole, especially in the breakdown of the plan.

For this reason the aforementioned 4th plenum of the CPCZ Central Committee has already decided to replace the former mainly administrative breakdown of the plan of agricultural enterprises by the rules of improved planning. This is concretely manifested by the fact that the breakdown of the state plan at the level of the kraj agricultural administrations is in the case of the most important indicators limited to only two (purchase of grain and animals for slaughter) and the intermediate level of management can, in accordance with its own specifics, increase these indicators to a maximum number of five. Other basic changes reside in the fact that consumer organizations will fulfill their social needs through the purchase of agricultural produce by concluding contracts concerning the deliveries. Changes are being made in the planning of the improved basic assets, etc.

In the Jurisdiction of the Ministry of Forestry and Water Management

As far as the Czech Ministry of Forestry and Water Management is concerned, the government committee for the planned management of the national economy approved in the Set of Measures certain specific features which are different for the forestry branch and different for the water management branch. As in the case of the Czech Ministry of Agriculture and Food, the Czech Ministry of Forestry and Water Management has been given--in order to fulfill the Set of Measures--a fixed date schedule in order to organizationally master the assigned tasks. Work groups have been established to identify sectional issues in the Set of Measures. The breakdown into specifics of the Set of Measures was discussed at a series of aktivs, discussions and other meetings at various levels of management in order to concretely detail the Set of Measures gradually in such a way as to make it possible for the directly managed organizations to incorporate these steps as much as possible in their own procedures. These procedures are receiving the final touches.

The Czech Ministry of Forestry and Water Management has issued for the needs of the forestry sector a set of exemplary rules of the khozraschot management of the State Forests, forestry plants and methodical recommendations for planning, material incentives, etc. These exemplary materials were in all cases fully utilized and concretely introduced in local forestry plants. The latter are in the nature of economic centers and are internally divided into operational centers (groups of forests).

In the system of planning the forestry plants have expressly defined production tasks according to technical units and the entire field of cost and yields and other financial indicators, including profit. Comparable calculations, long-term developmental trends and to a lesser extent norms which, because of the character of forestry production, are low constitute the basis for the breakdown of the plan. The operational plans of the centers specify for the operational centers (groups of forests) not only their production tasks but also their economic conditions, especially cost limits for implementation.

The control of the fulfillment of tasks is secured through reviews in direct relation to material incentives. It takes into consideration the workers' role in the fulfillment of the qualitative conditions of production as well as penalties.

In comparison with the forestry sector, in the water management sector the situation regarding the implementation of the Set of Measures is much more complex. From the viewpoint of an effective operation of the principles governing the Set of Measures and controlling the economy of water management enterprises, the most important fact is that we have not yet been able to solve the problem of the repair fund. It is characteristic of the water management sector that the enterprises are high-cost fixed resources (dams, locks, etc.) for the repair of which it is necessary to create funds on a regular basis.

The detailed implementation of the Set of Measures in the water management sector is carried out in close relation to other published materials. As far as an agreement on the statutes of the repair fund is concerned, negotiations with other interested organs are taking a disproportionately long time.

In years past as well as in the preparation of the 1982 plan we only partially applied the principles of counter-planning. These principles, however, were not sufficiently advanced to affect individual workplaces or individual workers.

The application of the Set of Measures is far from being complete and require additional time to work out all economic means making it possible for other elements to come into play as, for example, a change in the work organization during floods, etc.

Other basic principles in the Set of Measures such as the rationalization of labor and management, the breakdown of the plan into individual economic centers, use of the principles of material incentives, etc., have contributed to a certain improvement in the economic results in the water management sector.

Conclusion

The introduction and especially the acceptance and actual use of the Set of Measures is a process which is still in the making. In agriculture and food production its application is much more difficult in terms of production because our agriculture is affected by natural factors and the existing base with insufficient standards does not make it possible to determine an immediate relationship between labor and material as far as production results are concerned.

For this reason a further significant step in the introduction of the principles in the Set of Measures must be seen in the Principles for the Improved System of Planned Management in Agriculture adopted at the 4th plenum of the CPCZ Central Committee.

From all this two tasks become necessary as far as control is concerned. The first task is the immediate inclusion in the rules governing improved planning of the application of economic instruments, measures in the area of manpower productivity and the system of compensation in 1982 and other years of the Seventh Five-Year Plan. The second task is to use the control mechanism to create an atmosphere of critical standards especially as far as their application in everyday practice is concerned.

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MINISTER EMPHASIZES NEED FOR HIGHER FODDER PRODUCTION

Bratislava ROLNICKE NOVINY in Slovak 3 Jun 82 p 3

[Excerpt from speech by SSR Agriculture and Food Minister Jan Janovic, at the all-Slovakia aktiv on fodder harvesting, held in Krajne: "Losses Must Be Reduced to a Minimum"]

[Text] Last year, due to objective reasons and also subjective shortcomings, there were considerable shortfalls in plan fulfillment in the output of grain and sugar beets, and in some regions also in fodder and oil seeds. Thus our start in the new five-year period has not been the most auspicious. These shortfalls were harshly reflected in livestock production. To compensate for the shortage of domestic feed, we had to regulate the hog population and now have a tight situation in the supply of feed grain. Mostly the new conditions that have arisen after the adjustment of retail prices, particularly of meat, have an unfavorable impact on us. The market demand for lard, eggs, butter, vegetable oils and even flour is increasing. This poses for us a complex situation that we must solve. It must be admitted that our cooperatives and state farms did good work last fall and this spring to ensure this year's harvest. However, the weather is again not what crop production and this year's plan require. Farmers have been plagued by an unusual drought in April, and by cold weather and sharp frosts in early May, and also by wind erosion in some places. Thus we had to plow up and reseed 30,700 hectares of winter grain, 20,200 hectares of perennial forage crops, and more than 11,000 hectares of sugar beets that were damaged particularly by strong wind erosion. Vegetation has been delayed and is stagnating; this is evident the most in the formation of biomass, particularly in the case of perennial forage crops, mixtures of winter wheat and rye, and permanent grasslands.

The start of grazing has been delayed; with stocks of feed grain low, this has disrupted the program for fattening cattle and sheep. Unfortunately, this has affected milk production unfavorably; to the winter dropout there was added the one in spring; at the end of May milk purchasing was 14 million liters behind schedule. We really did not expect this situation, and it is causing us considerable problems in supplying the population with milk, cream and cheese; also the shortfall in milk purchasing has resulted in reduced deliveries of milk-containing mixed feeds for feeding calves. The chain reaction is continuing. Because there is a shortage of milk-containing mixed feeds, farmers are feeding their calves whole milk. Therefore farm consumption is increasing, at the expense of milk purchasing.

Not Only Milk

We will be able to fulfill the tasks in livestock production only if we produce the planned quantity of grain, and if in the next farm year we achieve the objective of reducing the specific consumption of feed grain by 3 to 5 percent. And this requires a volume of rough fodder, but of higher quality. Admittedly, the situation in the first harvesting of fodder has not developed the most favorably. We have large unmowed areas along highways and waterways. As if we did not need the grass from these areas. Such an approach to securing the fodder base is intolerable. There is no other solution than to produce enough rough fodder of good quality from our own resources, because there is no way we can expect to make up the shortage by importing feed grain as in years past. The 16th CPCZ Congress and the 4th session of the CPCZ Central Committee set a clear policy in this respect: the development of livestock production must be based on our own feed resources, and this inevitably requires that we intensify crop production by utilizing every are of land and by developing crop production at a faster rate, particularly the production of feed, which will enable us to intensify also the raising of cattle and sheep. The same principles will apply to hog and poultry production as before; i.e., the hog and poultry stock must be commensurate with the ensured feed supply. At the same time we want to intensify hog and poultry production and increase the yields, to save the maximum amount of feed.

Through Intensification

So far as rough fodder and grain are concerned, our production possibilities are diametrically opposite. Grain production is confined exclusively to arable land, and the reserves for increasing the grain yields are relatively small. Under the Sixth Five-Year Plan we obtained 4.09 tons per hectare, which is a good level even in comparison with the developed agricultural countries. The situation in the production of rough fodder is different. Here we simply are stagnating. We are lagging not only in relation to foreign countries but also in terms of our own possibilities. Therefore it is logical if we say that we will base the raising of cattle and sheep on our own rough fodder, specifically by intensifying the production of rough fodder on arable land and on permanent grasslands, and by improving its effectiveness. There are enough examples to allow us to set as our goal an increase in milk yield based on feeding rough fodder, from 5.8 liters at present to between 6.5 and 7 liters. If the structure of rough fodder is improved in favor of hay from meadows and perennial forage crops, and if grazing and soilage are used more efficiently, on average for Slovakia we can achieve even 8 liters. At an effectiveness of 7 liters, on rough fodder we could increase the annual milk yield per cow in Slovakia by 435 liters. This converts to 130 kilograms of feed grain per cow, or to 73,000 tons for the entire dairy herd. At an efficiency of 8 liters of milk, to total equivalent feed grain would be as much as 140,000 tons.

Our reserves for producing rough fodder are by no means insignificant, although there are enough complaints that the plan does not allot sufficient arable land for fodder. We are growing fodder on 390,000 hectares of arable land, which is 25.4 percent of the total acreage. To this we may the 805,000 hectares of permanent grasslands. Without sugar beets and ear corn, then, we are growing rough fodder on 1.195 million hectares, 48 percent of the total acreage of farmland. According to statistical reports, on this acreage we are producing about 4.3 million tons of hay equivalent.

This is by no means little in comparison with our cattle and sheep population. But experts estimate that the actual yield is about 30 percent higher. Thus there are losses that occur in the entire process from harvesting, through storage and preserving, to the manger or feed rack. With suitable harvesting and hauling equipment, sufficient haylofts and silo capacity, and preservatives, these losses could be cut in half. But we know that our material-technical base has considerable gaps, that we lack machinery for the mountainous and piedmont regions, that there are not enough tedders, side-delivery and other rakes, and good storage capacities. Therefore we estimate that these losses could be cut by one-third, to 20 percent. In Slovakia this would mean 400,000 to 500,000 tons of hay equivalent. This is the quantity we need for unrationed feeding and for forming the necessary reserves. At a yield of 7 tons of hay per hectare, this would now require about 70,000 hectares. If we consider the total fodder acreage from this point of view, we have no right to complain that the share of arable land for fodder production is small. But we can accept that the share of perennial forage crops, particularly of lucerne, is small. Here Slovosivo [Slovak Seed Enterprise] must adopt radical measures to increase the production of leguminous forage crop seeds, particularly of lucerne, because a shortage of seed is the primary reason that the proportion of perennial forage crops is low. The conditions for this do exist.

Warning Numbers

But we are worried about the losses in terms of the quality of rough fodder. Laboratory analyses of hay, silage and grass silage performed by staff members of UKSUP [Central Agricultural Control and Testing Institute] and SVS [expansion unknown] at the okres and regional laboratories convince us that the quality of rough fodder is exceptionally poor. I have here the UKSUP results for 1981. The proportion of hay of excellent quality was merely 14.8 percent, including 43 percent in West Slovakia Kraj, 4.1 percent in Central Slovakia Kraj and 4.7 percent in East Slovakia Kraj. But the proportion of hay in Grade 3, designated as unsuitable, was 38.2 percent, including 20.5 percent in West Slovakia Kraj, 58.8 percent in Central Slovakia Kraj, and 33.9 percent in East Slovakia Kraj. The proportion of grass silage Grade 2, good to excellent, was 52.4 percent, including 61.5 percent in West Slovakia Kraj, 40.5 percent in Central Slovakia Kraj, and 71.4 percent in East Slovakia Kraj. The proportion of less than good and unsuitable grass silage was 47.5 percent, including 38.5 percent in West Slovakia Kraj, 59.5 percent in Central Slovakia Kraj, and 28.5 percent in East Slovakia Kraj. The proportion of silage in Grades 1 and 2 was 64.4 percent, including 77.9 percent in West Slovakia Kraj, 51.5 percent in Central Slovakia Kraj, and 39.7 percent in East Slovakia Kraj.

These statistics, provided by UKSUP, are alarming and should be causing us sleepless nights. After all, this was fodder already processed, at considerable labor, fertilizer and other costs, and what we got was ballast of minimal nutritional value. This applies to 38.2 percent of the hay, 47.5 percent of the grass silage, and 35.6 percent of other silage. We are not fostering excessive hopes, and under our conditions I believe it is realistic to expect of our agronomists, farm-mechanization engineers and all those who harvest and preserve fodder, that this year we struggle to achieve our target of 20 percent more hay, silage and grass silage of Grades 1 and 2 in comparison with last year. We must take firmly in hand the question of the quality of harvesting and preservation, and must create favorable conditions for fulfilling this suitable target, including more personal incentives.

The success of harvesting will depend on technology. This area of mechanization is criticized the most, especially before the commencement of harvesting the fodder. Even though there are bottlenecks in some types of machinery--for example, in tedders, side-delivery and other rakes at present--it can be said that in terms of overall mechanization we rank among the foremost countries with developed agriculture. We have, for example, over 1,500 self-propelled cutters of high capacity that can harvest between 15,000 and 16,000 hectares of fodder a day. We also have over 2,000 tractor-mounted cutters, 3,300 rotary mowers, and over 6,000 self-loading trailers. We admit that the situation is more complicated in equipment for mountainous and piedmont regions. Our engineering industry has contributed very little in this respect, and we must depend on imports from capitalist countries, for which there is not enough foreign exchange available. Therefore we must be that much more demanding in ensuring the suitable preparation and also the utilization of those machines that we already have. This applies particularly to the power mowers imported from Austria and Switzerland. Of these we have about 1,000, and to them will be added this year the domestic hand mowers made by Agrostroj Jicin. I am pleased to announce that the economic production unit ZTS [Turčianske Engineering Works] Martin has agreed, on our initiative, to resolve this pressing problem, and we will be testing already this year the functional model of a self-propelled power mower.

Unutilized Capacities

We are not satisfied with the harvesting equipment's state of repair. Only 85 percent of the self-propelled cutters, 84 percent of the windrowers, 81 percent of the tedders and side-delivery rakes, and 75 percent of the self-loading trailers are in operating condition. We have not learned the lessons of years past. This applies particularly to the manufacturers and suppliers of spare parts. But users likewise have not exerted sufficient effort to ensure the better preparedness of the machines. We are annoyed particularly by the shortage of machinery that we ourselves produce. This applies especially to side-delivery rakes and tedders. Likewise incomprehensible is the benevolent attitude regarding the preparedness of the self-loading trailers that are produced within our ministry, specifically at the Nove Mesto nad Vahom and the Topolčany STS [Machine Tractor Station]. Moreover, the repair capacities of the STS's also are not fully loaded and could ensure the repair of all machines in time.

We have been emphasizing for years that the hauling of fodder must be ensured in such a way as to eliminate avoidable losses. Every haul that loses fodder in the field or along the road should be regarded as criminal.

In this year's harvest of green fodder we are not specifying the shares of the individual harvesting and preservation technologies. This must be determined by the technologists of the agricultural enterprises, on the basis of the existing conditions.

They must produce the maximum quantity of good-quality hay from the perennial forage crops and permanent grasslands. The rays of the sun and the winds are free, and therefore the organization of work and volunteer help must be geared to them. We are reverting to these proven technologies and natural drying also because hay is an indispensable constituent of the feed rations, and the results in livestock production are poor where there is not enough hay. Finish drying with natural or preheated air is now the thing worldwide. By this method it is possible to make hay of good quality even when the days are not sunny and the relative moisture content of the air is high. The haylofts must be placed in good repair as soon as

possible, and the construction of new ones must be accelerated where the conditions for new construction are more favorable than in years past. For finish drying we have about 6000 blowers, and we are expecting 1400 more this year from the GDR. But this is not enough, we need far more. It would be desirable for the STS's and PZN [Agricultural Supply and Purchasing] to organize the domestic production of blowers, perhaps as subsidiary production, in Slovakia or in the CSR. This ties in with the entire programs of building haylofts. Construction will start this year of 42 haylofts with a capacity of nearly 30,000 tons.

Are Pastures Treated Like Cinderella?

We must likewise achieve maximum utilization of permanent grasslands, in the form of organized grazing. Organized grazing is very widespread in all countries with developed agricultures, only on our large-scale farms is it being treated like Cinderella. Last year we used for fence-enclosed grazing roughly 30,000 to 35,000 hectares, which is merely 6 percent of the total acreage. Some improvement is noticeable this year in the northern districts of East Slovakia Kraj where permanent barbed-wire fences are spreading rapidly. Last year we had marketing problems with the electrical fences imported from the GDR. A total of 2650 fences were delivered and have been sold, but this year we will not import more from the GDR. Importation from the Polish People's Republic is still possible. Therefore we are seeking a solution from domestic producers, but this will take time and they obviously will not be able to supply any electric fences this year. For this reason the agricultural enterprises should consider building permanent fences with wooden posts and barbed wire. In the spreading of grazing practices we expect more help also from UVSH [Institute for Scientific Farming]. We should not wait for a final evaluation of the 12 model farms that UVSH is organizing on a combined total acreage of about 11,000 hectares, as grazing areas and meadow-pasture farms. Instead, we must begin on a large scale, because the economic advantages of organized grazing have been clearly demonstrated. The ministry will create the conditions necessary for this purpose, to ensure sufficient investment already under the current five-year plan.

Although dehydrated forage is essential for the production of mixed feeds and feed pellets, we must limit its production through the allocation of light heating oil. In comparison with last year, the output of dehydrated forage will be reduced by 100,000 tons; i.e., by more than one-third. This situation requires a new and more efficient approach to the production of dehydrated forage. First of all we must employ a system of selective drying, which means dehydrating raw material only of the highest quality, with a high content of digestible nutrients, proteins and vitamins. The second requirement is a reduction in the specific consumption of refined fuels, by drying only forage that has withered or has been preprocessed by crushing to reduce the moisture content.

Another essential requirement is to operate the dryers three shifts per day and to supply the forage from nearby, so as to minimize the consumption of diesel fuel for hauling the raw material. Therefore we request the agronomists to intensify the growing of lucerne and other leguminous crops in the vicinity of the dryers.

Unutilized Silos

We have built over 1200 tower silos with a combined total capacity of 740,000 m³, at an investment cost of more than 500 million korunas, in order to make fodder production more efficient and preserve as much digestible nutrients as possible.

This technology of preservation meets the new requirements; it is not fuel- and energy-intensive, and therefore it remains the technology of the future.

Audits show that these by no means cheap installations are not being utilized adequately. We estimate that their utilization at present is about 60 percent. The main cause of this we see in failure to observe the basic technological requirements such as the fineness of cut and the dry-matter content. This complicates the unloading of the grass silage and also worsens its quality. Every battery of tower silos for grass silage must have its master, a responsible guarantor who will also have a personal economic incentive to ensure capacity utilization and the quality of the grass silage. Annually we are preparing 4.6 million tons of silage, including 1.3 million tons of protein and semi-protein silage. The rest is carbohydrate silage. The more serious mistakes are being made in preserving fodder that is difficult to ensilage; i.e., grasses, perennial forage crops, and pulse-grain mixtures. We see the main cause of the high losses and inferior quality in failure to observe the basic principles, in the violation of technological discipline. The trench silos take too long to fill, are not compressed adequately, and the dry-matter content is not taken into consideration. There is a tendency to conceal the organizational and technological shortcomings with demands for preservatives, specifically for "silostan", the supply of which is limited. We have many examples where preservatives are not used, yet the quality of the silage is excellent. By this we do not wish to excuse the Ministry of Industry, which is not fulfilling its production task for "silostan", despite the fact that this task has been set by a government resolution, and the ministry is asserting it annually in its supplier-user relations. We insist that the SSR Ministry of Industry supply 3,000 tons of "silostan" a year, which would be sufficient for 1.0 million tons of silage.

For this year we have secured 710 tons of "silostan", 500 tons of muriatic acid, and have been promised 500 tons of new preparations of the Fosil type. Jointly this is 1710 tons, sufficient for 450,000 to 500,000 tons of silage. In comparison with last year, the increase [in the supply of preservatives] is 400 tons. According to the example of the Slusovice JRD [Unified Agricultural Cooperative], we must employ the industrial system of ensiling that is based on the concentration of the harvesting and hauling equipment at one point, at one farmyard. With the help of the concentration of equipment and highly professional control, a trench silo can be filled in 3 to 5 days. The Slusovice JRD has a carefully planned work organization to utilize the high-capacity harvesting machinery. To fully utilize the self-loading trailers only for gathering, at the edge of the field there are loading ramps that enable the trailers to transfer their loads into trucks, which then haul the harvested fodder to the silos. Thus the performance of the self-loading trailers is doubled, and breakdowns are less frequent. Efficient work organization is the foremost prerequisite for quality and rules out leaving fodder in the fields and disregard of the need to reduce losses. As soon as the trench silos are filled, the entire crew, together with the harvesting and hauling equipment, moves to the next farm. To ensure the continuous hauling of the fodder for silage, a cooperation agreement should be concluded with the traffic inspectorate to temporarily close the road to other traffic if necessary. Every trench silo must have a responsible guarantor who directs the entire operation and will have the authority to make decisions; but he will also be responsible for the quality of the silage throughout the entire period, until the silage is finally fed.

Welcome Assistance

Sufficient manpower is necessary to ensure the harvesting and preservation of fodder under the present difficult conditions. Therefore we expect to include in harvesting volunteers from among students within the framework of summer help, and also from sponsoring industrial plants and social organizations belonging to the National Front. About 45,000 students will help out on farms this summer, in organized groups of at least 15 students. Further opportunities lie within the okres and community organizations of SZM [Union of Socialist Youth] at the request of the OPS [okres labor center] directors or possibly the enterprises.

The inclusion of other components of the National Front was discussed already in January with the the National Front's Central Committee Presidium. Social organizations have received instructions to organize their members to help out in harvesting crops.

The Slovak Central Committee Presidium of CSZTV [Czechoslovak Union of Physical Training] has issued an appeal for political and organizational work to ensure the "Under the Banner of the CSZTV" competition, the principal criterion in which is to produce the most fodder with own manpower. A similar appeal has been issued by the Central Committee of Svazarm [Union for Cooperation with the Armed Forces] for the harvesting of fodder, potatoes, fruit and other crops. We regard favorably the efforts of the Union of Socialist Youth. Their drive "For the Intensification of Meadows and Pastures" is already widespread. Last year it included 73,000 young people from 2200 local SZM organizations who made 30,000 tons of hay. For 1982 SZM decided to intensify this drive, with the objective of including all local SZM organizations on the basis of long-term sponsorship agreements. Whether the grass is growing along highways, railroads and waterways, in forest clearings, on municipal and community land, or on less accessible permanent grasslands, the point is to haul hay of good quality into the haylofts, and not merely report how many hectares we have mowed. Understandably, this applies to all meadows where, unfortunately, we often see that the new growth is forcing its way through the old grass cut previously.

The order of the day is to harvest as much as possible, to reduce the losses in harvesting, handling and storage to a minimum, and to make significant progress toward improving the quality of the hay, silage and grass silage. Immediately at the start of fodder harvesting we find it necessary to state emphatically the requirement that the green fodder must not be squandered, and that we must start immediately to build reserves for winter feeding. The new conditions that have arisen in our economy compel us to restrict the fuel- and energy-intensive technologies in fodder harvesting, and to make full use of the natural conditions primarily for making hay of good quality and for the expansion of grazing on pastures enclosed with electric fences or permanent fencing. In the production of fodder we must use catch crops far more extensively than in the past. Here we are setting the task of increasing stubble mixtures to 130,000 hectares, which is 20 percent more than the actual acreage last year.

1014

CSO: 2400/276

PROSPECTS FOR SEMI-PRIVATE MANAGEMENT COMPANIES SURVEYED

Budapest IPARGAZDASAG in Hungarian No 4, Apr 82 pp 23-27

[Article by Dr Karoly Fesus, Hungarian Shipping Association's Computer Technology and Management Center: "Some Questions of Assessing the Prospects for Small Management Companies"]

[Text] Many small companies have been formed recently in the field of enterprise organization and management. In the wake of the successful operation of these organizations, the formation of even more small management companies can be expected in the future.

The professional public is keenly interested in the questions of the organization, operation and effectiveness of the small companies formed in the field of enterprise organization and management. This topic is in the center of attention particularly of managers and specialists at the computer technology and management institutes whose main responsibility up to now has been enterprise organization and management. But it is also the subject of lively debate among management engineers at the enterprises. On the basis of the debate and professional views on this subject, it can be established that the assessment of the prospects for small management companies, in terms of the professional, social and thereby also political aspects, shows a very mixed picture. The formed views are extreme, either for or against the small management companies. For a better understanding and more accurate assessment of the problem, it will be expedient to familiarize ourselves with the views, both for and against.

In the opinion of those who support the formation and existence of small management companies:

--The small management companies will solve the existing shortages now encountered in satisfying the demand in the field of enterprise organization and management;

--The small companies will make it possible to solve the present shortage of specialists in enterprise organization and management; and

--The small management companies will provide the desirable competition that can curb the monopolistic attitude of the institutes in the field of enterprise organization, management and computer applications.

It should be noted that the views supporting the formation and existence of small management companies have developed primarily among persons who are or will be

interested in forming such companies, and also among the management engineers at the enterprises.

According to the views opposed to the formation of small management companies and denying the justification of their existence:

--The small management companies have been formed primarily in the hope of higher incomes, taking advantage of the limitations on higher earnings at the organization, management and computer technology institutes and other economic organizations. As a result, the small management companies can be expected to attract the best specialists among the personnel of the enterprises and institutes;

--The fees charged by the small management companies--since they do not have capital assets of high value (buildings, machinery, equipment), they will be spared these costs and will not be burdened by substantial operating costs (heating, electricity, administration, etc.); according to an extreme view, they need only paper and pencil to operate--will be substantially lower than the present customary and accepted fees. Therefore the organizations operating in the form of enterprises or institutes will be at a significant disadvantage in competing with them.

The views opposed to the formation of small management companies and denying the justification of their existence developed primarily among the directors and managers of the interested enterprises and institutes, and among management engineers at the enterprises. It should be noted, however, that we may regard as completely erroneous the extreme view that the small-company form of operation, based predominantly on private ownership and private entrepreneurship, cannot be reconciled with the social system's political principles.

Obviously, a professional, social and thereby also political assessment of the small companies is not possible on the basis of extreme views, not even if they stem from the best professional and political conviction. To facilitate a sound assessment of the small companies, we must explore the present state of the economy and of enterprise operation, so that on this basis we may be able to determine the most important timely tasks in developing the economy, and thereby also in developing business organizations.

Interrelations Between the State of the Economy and the Role of Small Companies

The most important task at present in managing the economy is to ward off the unfavorable changes--limited possibilities of selling in foreign markets, intensification of the competition for foreign markets, symptoms of recession in the world economy, the oil shocks, discrimination in some markets, etc.--affecting the entire economy, to take advantage of the possibilities for making changes, and thereby to preserve the economy's equilibrium. In the interest of preserving economic equilibrium, we must significantly improve the effectiveness of economic management and of enterprise operations. To achieve this objective, we must perfect economic management, and also the organizational framework of the enterprises, their conditions of operation and scope of authority.

Perfection of economic management's organizational and operational framework and scope of authority is now underway. In the course of this, significant measures have already been adopted in individual areas of both branch and functional management. Significant results have been achieved also in perfecting the enterprises'

organizational and operational framework and scope of authority, primarily in relation to the large industrial enterprises and trusts. The urgent need to form and operate small businesses surfaced in the course of reviewing and perfecting the enterprises' economic, organizational and operational framework and scope of authority. This need was evident predominantly in supplying the population with goods and services, including intellectual services.

The most important economic-management, social and political expectations in conjunction with the formation of small businesses can be summed up as follows:

--Small businesses are to be formed to satisfy real social needs, primarily in the area of services, and their operation is intended to support the supply of the population and economic organizations;

--Small businesses must be able to adapt to rapid changes in the economic environment, and this flexibility must assert itself extensively in their operations;

--By their operations the small businesses are to create sound competition with organizations that in many instances have become inflexible as a result of their monopoly situation;

--Small businesses must remain within the social system's existing organizational framework. Their operations must never become a source of social contradictions.

General State of Enterprise Organization and Management, Tasks of Its Development

For a better understanding of the formation of small management companies, it will be warranted to review more closely the general state of enterprise organization and management, identifying its difficulties and the timely tasks of its development.

In the wake of implementing Council of Ministers Decree No 1046 of (14 Dec) 1977 on the Development of Enterprise Organization and Management, there has been slow but perceptible progress in enterprise organization and management. The overwhelming majority of the enterprises have prepared their revised rules of operation and organization, and progress can be noted in the regulation of activities, in industrial engineering, and in setting up management information systems. Despite the evident progress, we have not yet been able to make up for the lag in the domestic business organizations' level of organization and management as compared with the developed industrial countries. This is particularly true of industrial engineering studies to uncover reserves, and of feasibility studies for computer applications. And in some areas--particularly in process control, and in the realization of computerized management systems that are based on the use of data banks and include planning, management, operations and accounting--our gap of previous years has widened further.

Taking into consideration the state of the economy and the expectations regarding the effectiveness of enterprise operations, the most important tasks in enterprise organization and management are as follows:

- Industrial engineering studies that will permit the uncovering of reserves and their utilization; and
- Feasibility studies to provide the conditions for effective computer applications.

The small management companies can play an important role particularly in these areas areas.

How to Assess the Small Management Companies

In addition to what has been said above, for a substantiated assessment of the small management companies it will be warranted to examine also the following:

- What organizational forms can these small businesses assume;
- Foreseeably in which professional fields will they function;
- What will be the composition of their personnel; and
- Foreseeably what professional knowledge and business connections will they have.

Organizational Forms of Small Management Companies

The feasible organizational forms of the small management companies are as follows:

- Business association,
- Subsidiary,
- Specialized cooperative group,
- Small cooperative,
- Civil-law partnership,
- Business work partnership, and
- Individual proprietorship.

The first three of the listed organizational forms have been feasible under the enterprise system's regulation even up to now. It should be noted that no professionally and financially sound organizations of this type have been formed so far, with the exception of a few initiatives.

The formation of small cooperatives, civil-law partnerships and business work partnerships in the field of enterprise organization and management has essentially become feasible only lately. The professional debate on small management companies centers primarily on these organizational forms.

Individual employment in the field of enterprise organization and management has been feasible also in the past. It should be noted, however, that until very recently there have been strict restrictions on individual employment, either as individual work in primary employment, or as secondary employment or part-time employment. The wages of individual employees and of persons employed part-time or in secondary employment are charged to wages of workers not on the payroll, a strictly monitored part of the business organizations' wage fund. On the other hand, the fees of the other forms of business organizations--depending on the nature of the assignment--can be charged to the technical development fund or to production costs. This seriously limits an individual proprietorship's chances of undertaking work.

Possible Fields of Activity for Small Management Companies

The small management companies will foreseeably function in the following professional fields:

- Regulation of organization and operations,
- Control of work processes,
- Control of administrative processes,
- Designing the employed number systems,
- Industrial engineering,
- Uncovering and utilization of reserves,
- Organization of the application of norms,
- Designing computer systems,
- Computer programming, and
- Review of organization and management.

Each of the listed fields of activity is closely linked to the most important immediate tasks of the development of enterprise organization and management; to the organization and management reviews for uncovering and utilizing reserves; and to feasibility studies for computer applications. From this point of view the small management companies can be expected to engage in the most important organization and management tasks that will enhance the effectiveness of the national economy and enterprise operations.

Sources of Manpower Supply for Small Management Companies

In the assessment of the small management companies it is very important to determine the sources from which they will obtain their manpower. It should be noted that this has been the most controversial issue in the debate concerning the assessment of the small management companies. The manpower of the small management companies will foreseeably include the following:

--Organization and management experts of great erudition, very vast practical experience and outstanding professional achievements, whose real pay at their present workplace cannot possibly match their actual performance, not even in the case of considerable wage differentiation. Perhaps not even the higher income they may earn at the small management companies can provide a meaningful solution to this problem. In the evaluation of specialists of great erudition who are working effectively and fruitfully, we must finally take cognizance of the fact that in intellectual work there are indeed performances that exceed the average severalfold. The present wage regulations are able to reward such outstanding performances only with very great difficulty. But the absence of performance-commensurate pay either leads to a decline in performance or compels valuable employees to leave. The departure of experienced employees of great erudition poses the greatest problem, one that extremely undermines the sound assessment of the small management companies and occasionally even produces distorted views. Important enterprise and institute operations

are based on the work of these employees, and therefore their departure will significantly impede or entirely exclude the continuation or acceptance of certain activities. The replacement of the departing specialists or the training of new ones will likewise cause considerable difficulties and occasionally will require great effort.

--Specialists of great erudition, capable of performing organization and management work of a high professional level, whose abilities are not being utilized at their present workplace or are being utilized only partially. In this group belong the specialists who, after a few successful organization and management projects, have remained with the same organization and management tasks where the elaborated solutions are on the same level, require no special effort or creativity, and are repetitive. In this group belong also the employees whose abilities have not yet been recognized at their present workplace, or whose professional or job advancement, their chances of becoming chief cannot be realized within the foreseeable future, for reasons beyond their control (for example, an error of judgment, or a professionally very strong management). The departure of the unquestionably valuable specialists in this group--even though their replacement within the enterprise or institute might cause considerable difficulties--could prove advantageous in the long run, for both the departing employee and the organization employing him. In assessing the departure of staff members belonging to this group, it should be taken into account that they are the majority of the "offended" people, and therefore they always cause tension; and also that the personal advancement of these valuable specialists and the better utilization of their capabilities are in the interest of both the individual and society.

--Well-trained professionals who are dissatisfied with the success and material rewards of their work. In this group belong employees who so far have been unable to achieve professional success, the employees plagued by financial problems, the ones founding a family or building a home, and in general the young specialists. The departure of these specialists serves primarily their own interests. For the enterprises or institutes employing them the problem is merely to find replacements for the departing experts, and perhaps to compensate for a worsening of the organization's wage situation (a rise in average wages).

--Employees who have professional training but are performing work far below their abilities. In this group belong the soldiers of fortune, the ones who hope to get rich without working, and the job-hoppers for whom it is always greener on the other side of the fence. At the enterprises, unfortunately, there is quite a number of such characters in the field of organization and management. The departure of such employees can only benefit the enterprise or institute employing them. It should be noted that the new small management companies, in their own best interest, are very reluctant to hire such employees.

Professional Background of Small Management Companies

At the start of their operation, the newly formed small management companies are able to rely primarily on the professional knowledge and cooperational contacts that their employees gained at their previous places of employment. This fact is another source of the small management companies' unfavorable assessment. For the small management companies not only take over the highly erudite and valuable enterprise and institute experts, together with their existing professional knowledge, but in

many instances they conclude contracts with the very same enterprises with which the former employers of their staff members had contractual relations, on the very same topics that were being investigated at the enterprises and institutes. It should be noted that such behavior can hardly be regarded as fair competition, and it jeopardizes the possibility of future cooperation between the small management companies and the enterprises and institutes whose principal activity is work in organization and management. This cooperation could produce very effective results.

Proper Attitude Toward the Small Management Companies

An integral part of the small management companies' proper assessment is determination of what attitude the enterprises and institutes engaged in organization, management and computer technology as their principal activity should adopt toward the new small management companies. In determining the proper behavior of the enterprises and institutes we must start out from the fact that there are very great possibilities for very effective cooperation with the small management companies.

--The small management companies could be suitable for distributing the very valuable and highly professional systems and methods developed by the organization, management and computer technology enterprises and institutes. The targets of this distribution would be the enterprises and economic organizations--particularly the small and medium enterprises--to which the activity of the institutes does not extend. Wide distribution of comprehensive systems is very important. For example, the development and introduction of a management system that is based on a data bank and incorporates complex planning, management and accounting functions is very expensive, requiring outlays totaling tens and millions of forints. The earliest possible recovery of the high costs is very important to the developing institute. At the same time it is obvious that the development of systems far exceeding the financial possibilities of the small management companies cannot be one of the fields of their activity. Therefore the small management companies could play a major role primarily in the distribution of the very valuable and highly professional systems. It would be a very grave mistake if the activity of the small management companies were directed toward organizing traditional data-processing and record-keeping routines of a low professional level, thereby limiting the rapid spreading of highly professional and effective organizational methods and comprehensive systems. Likewise objectionable are the efforts to acquire and apply, in some instances irregularly, very valuable organizational methods and management systems.

--If an effective division of labor is achieved, the small management companies can ensure favorable marketing opportunities for the better utilization of the organization, management and computer technology enterprises and institutes' very valuable stock of equipment that occasionally exceeds 100 million forints. The investment and operating costs of the equipment owned by the institutes--ergonomic instruments and laboratory, industrial-engineering measuring and testing instruments, the professional training base and library of professional literature, data-recording installations, business machines, calculators--exceed several times the present and foreseeable future investment and development possibilities of the small management companies. (In conjunction with this, however, it should be noted that in the future the need will probably arise, in the case of some of the successfully operating small companies, to borrow for investment and development purposes the savings of private individuals outside the companies, at interest rates commensurate with

the high risks involved. If this becomes feasible, the strongly limited nature of the small management companies' investment and development activity would be resolved.) In other words, the equipment of the organization, management and computer technology institutes could serve for a long time as a base of the small companies' activity. It would be a grave mistake on the part of the small companies if they --in the spirit of misinterpreted independence--refrain from using this very valuable equipment of the institutes and limit their activity to the application of equipment that they too can afford, but which often is rather primitive. This would be a great step backward in developing the effectiveness of enterprise organization and management.

For the organization, management and computer technology institutes--under the possibilities and conditions of cooperation with the small companies--it is necessary to define the tasks which, over and above the utilization of the possibilities stemming from cooperation, increasingly assert also the institute interests that embody the interests of the national economy. These tasks are as follows:

--Considering that the capabilities of the highly erudite and successful experts cannot be fully utilized at the small companies with their considerably narrower competence, every effort must be made to retain these specialists. This will require first of all greater wage differentiation in comparison with the wage and wage-increase practices of years past, the setting of wages more commensurate with performances, and far-reaching support to promote to chiefs the very valuable and effective specialists of outstanding knowledge. But the requirement that the organization, management and computer technology institutes serve as a base for the training of specialists for the economic organizations must be met also in the future. This statement is confirmed also by the practice in the developed industrial countries where the large corporations and various professional institutes--in their own interest and hope of future cooperation--supply suitably trained cadres for the business organizations in their field of professional and business activity;

--Special care must be devoted to protecting the intellectual products developed at the organization, management and computer technology institutes. To this end:

--Existing intellectual products must be patented;

--Systematic protection of intellectual products must be introduced; and

--In the case of contractual relations--whether under a contract of employment or a service contract--the use and release of information that is the property of the institutes must be limited also contractually.

Increased protection of intellectual property belonging to the institutes is in the interest of both the institutes and the small companies, because the use of such property within legal, contractual limits permits the transfer of experience gained in practical application, decisions regarding the tasks of further development based on the experience with and demands of extensive practical application, and thereby the earliest possible publication and spreading of new developmental solutions.

Summary

The formation of small companies in the field of enterprise organization and management is at its very beginning. For the time being it is not possible to give an

exact and unambiguous assessment of the operation of small management companies, but from what has been said above we may conclude that there are large-scale possibilities in the operation of the small companies and in cooperating with them.

In developing cooperation with the small management companies and in assessing their present situation and future prospects, it is always necessary to start out from the viewpoint of the effectiveness of enterprise operation, from the development of organization and management at the enterprises that will create the prerequisites for greater effectiveness, and from the need to spread as quickly as possible the high-level organizational methods and procedures.

1014

CSO: 2500/265

FOUR MONTH PRODUCTION RESULTS REPORTED

Warsaw TRYBUNA LUDU in Polish 16 May 82 pp 1, 8

[Text] According to the Central Office of Statistics [GUS] monthly report, the economic situation in the country in April approximated the situation in the first quarter of this year. Three main trends were noted in industry: increasing production in mining industries; slower production growth in the light industry; and deep production drop in processing industries mainly due to insufficient supplies from other economic sectors. At the same time, despite the lack of raw materials, their utilization efficiency continued to be low.

In agriculture, the number of livestock and hogs increased, but the livestock procurement dropped. The profitability of raising hogs decreased. Signs appeared that the production was being limited in comparison with the preceding months.

The increment of the accumulated monetary resources by the entire population decreased due to the fact that the growth rate of expenditures was higher than the growth rate of earnings. The price increases resulted in the higher living costs. Despite an increase in the nominal earnings of the employees in the socialized sector of the economy the real incomes of many employee categories were lower than in the first quarter of this year.

Production Sales Drop

Production sales of the socialized sector was by 7.5 percent lower than 1 year earlier, but the indicators for the first quarter were even worse. During the first 3 months production sales were lower by 11 percent in comparison with the same period 1 year earlier. Deliveries of many raw materials and materials continued to be lower than the demand. In comparison with March of this year production sales in April decreased by 10.7 percent, while labor in the same period decreased by 3.6 percent. However, decrease in sales in April as compared with March took place in the preceding years as well. Comparable indicators show that in 1980 there was a 4.7 percent drop, in 1979 -2.0 percent, and in 1979 -4.0 percent.

Increase in Mining Industries

Production increases were mainly observed in the mining industries. In April 15,800,000 tons of hard coal were produced, that is 13.6 percent more than 1 year earlier, and 13,900 tons of zinc an increase of 13.7 percent as well as 30,000 tons of electrolytic copper, an increase of 8.9 percent.

In April the work force in the socialized sector reached 4.5 million persons and was by 268,000, that is--that is, 5.7 percent--less than 1 year earlier. An average monthly wage, including recompensations, reached 11,332 z1 and it increased in comparison with last April by 4,126 z1, that is by 57.3 percent. The drop in productivity in April was 1.9 percent lower than in the preceding months.

In the first 4 months of this year production sales dropped by 10.2 percent as compared with the same period 1 year ago, and for the comparable labor time the drop amounted to 9.3 percent. Except for four branches, that is coal, energy, whiteware, and cloth industries, production sales were lower than 1 year ago. Particularly big drops were noted in such industries as the iron-works--by 16.3 percent, metals--15 percent, transport--14.6 percent, electric and electronic--14.5 percent, chemical--14.3 percent, textile--16.3 percent, food--11.4 percent, and fodder and waste recovery--36.2 percent.

Socialized construction-assembly enterprises this April as compared with April of last year showed a 16.6 percent drop in basic production, but compared to March it was higher 4.1 percent higher and in comparable labor time even by 13.6 percent. The analysis of data for the first 4 months in 1982 and 1981 showed that the production in the construction industry dropped by 19.6 percent. This drop was mainly caused by reduced investment outlays. During the first 4 months of this year 26,900 apartments were built (6,500 in April alone), that is by 16,200 less than during the first 4 months last year.

Agriculture

In agriculture, field work was delayed. By the end of April grains had been planted on only 90 percent of the planned area, while sugar beets--had been planted on about 60 percent of the planned area. By the end of the first quarter this year the number of livestock as compared with the same time a year ago increased in entire agriculture by 2.1 percent and of hogs by 5.5 percent. The procurement of slaughter animals in April reached 135,300 tons, or 22.3 percent less than April last year. The procurement of milk was slightly higher--by 0.6 percent, and of eggs slightly lower--0.4 percent. In comparison with the preceding month the procurement of slaughter animals was 14.4 percent lower, milk--by 3 percent, and eggs--lower by 15.3 percent in April of this year. Compared to last year of slaughter livestock for January/April was 11 percent lower, eggs--3.5 percent lower and milk--2.1 percent higher. Fertilizer and concentrated fodder sales were lower in the first 4 months of this year.

Reduced Employment

In four major branches such as industry, construction, transport, communications, and trade further manpower reductions were noted. In April average employment in the branches decreased by 81,000 persons as compared to March of this year. This was primarily due to early retirements and educational leaves which had been extended by 6 months. Simultaneously, the number of jobs reached 232,000. A growing demand for additional employees was also noted, because in March their number reached 176,000, while in April of last year the number was 155,000. Moreover, only 27,000 persons were looking for work, that is 10,000 less than in March.

The personell wage fund in the four major sectors in April reached 69 billion zl and it was by 11 billion zl higher than 1 year ago. Recompensation paid to employees (excluding dependents) reached 12 billion zl.

Population Income and Expenditures

The monetary income of the population reached 259.1 billion zl. They increased 95.5 billion zl, that is 58.4 percent as compared to last April. However, expenditures reached 243.2 billion zl and increased in comparison with April 1981 by 97 billion zl, that is 66.2 percent. Out of this amount the expenditures for goods reached 207.9 billion zl. The increase due to price increases was 76.4 percent.

If price increase are excluded, retail sales in April showed considerable decrease compared to April 1981. Market supplies shortage goods was enough to cover the demand regulated by ration coupons. However, supplies of non-shortage foodstuffs as well as non-food articles was insufficient.

During the first quarter of this year as compared with the first quarter of last year the prices of foodstuffs (excluding alcoholic beverages) increased by 128.7 percent, alcoholic beverages by 144.4 percent, non-food articles by 65.4 percent, and services by 46.7 percent. It is estimated that the real incomes of employees in the socialized sector were in the first quarter about 23 percent lower during the same period a year ago.

Exports and Imports

Exports in April were 0.8 percent higher than a year ago, but imports were 23.8 percent lower. However, in trade with socialist countries exports increased by 16 percent, and imports by 0.8 percent, while in trade with the capitalist countries exports dropped by 12.9 percent, and imports by 48.6 percent.

For the first 4 months of this year as compared with the exports remained on nearly the same level as for the analogous period last year, but imports decreased by one-fourth. Average import prices rose more than export prices, which had an unfavorable economic effect on us.

8609

CSO: 2600/614

OPERATIONAL PROGRAM FOR ROAD, RAIL TRANSPORT PUBLISHED

Warsaw RADA NARODOWA GOSPODARKA ADMINISTRACJA in Polish No 6, 19 Apr 82
pp 24-26

[Text] One of the government operational programs covering areas presently recognized as the most critical ones is the program for road and rail transport. Its purpose is to provide the conditions for satisfying the basic transport needs of society and of the national economy, including first of all the needs arising from the rest of the operational programs.

Freight Transport

The transport program does not define directly and precisely the amounts of rail and motor transport for this year, since no one--including the Council of Ministers Planning Commission--is able to quantify the dimensions of transport needs or their structure accurately at the beginning of the current year. There are still too many unknowns, especially the level of production of the individual branches of the economy, and also trade relations with other countries. In this situation, the main transport task recognized by the program is providing the necessary resources for the transportation of:

--99 million tons of freight in the first quarter and 420 million tons in all of 1982 by standard-gauge railways;

--37 million tons of freight in the first quarter and 165 million tons during the year by PKS [State Motor Transport];

--130 million tons of freight in the first quarter and 580 million tons during the year by branch motor transport enterprises;

--1.9 million tons of freight in the first quarter and 9 million tons during the year by transport cooperatives.

The above figures should be treated as approximate ones, indicating the required level of transport capacity of the railroads and motor transport. From the nature of things, when this level is set for a quarter, the approximation can be more precise than for the entire year, since it is more fully grounded in economic realities. In spite of this, the performance of transport in

January and February indicates that the real needs for transport in the first quarter will be lower than the level of transport capacity required by the program. This is associated precisely with the continued decline in production by many branches of industry and construction, in comparison with the analogous period last year. For example, the only items of which the railroads carried more in January than they did last year were coal and cement; in all other freight groups, there was a further regression.

Obviously, the data from the first quarter are still an insufficient basis for any annual predictions. The following quarters may bring real changes in the size and structure of transport needs. If actual transport reaches a level this year that corresponds to the transport resources established by the operational program as mandatory, this will mean a considerable increase in railroad and state motor transport work in comparison with last year's performance (by about 26 million tons for the PKP [Polish State Railroads], and about 9 million tons of freight for the PKS). On the other hand, there would be a small reduction in transport performed by the branch motor transport, associated mainly with the curtailment of construction. At the same time, there will be a tendency toward considerable curtailment of the sphere of activity of the so-called economic-type motor transport, which is dispersed, is the most poorly organized, and is characterized by the least economic utilization of rolling stock. One may expect the economic reform itself to incline numerous enterprises, especially the smaller ones, and other establishments to relinquish the expensive maintenance of their own transport when they come to the conclusion that it is more worth their while to use the services of public carriers. The stimulus set in motion by the reform should likewise result in a reduction of the distance covered by railway and motor transport, as a result of a more efficient search for closer supply sources and sales markets.

The difficult fuel situation is reflected in the principles presently accepted by transport policy as the basis for the operational program in this field. In accordance with these principles, the railroads will take over certain tasks--especially freight transportation over long distances--from motor transport, which will specialize in short-distance and at most medium-distance transport. Great emphasis in the work of the PKP is being placed on further intensification of the use of electric locomotives on the electrified line network, which already includes over 7,000 kilometers, with a "freeze" on, or even a decrease in, the present extent of the use of diesel locomotives, and a retention of the [present] share of steam locomotives, amounting to several percent.

In certain periods of the year, railroad capacity may not suffice to meet all of the economy's transport needs simultaneously. Taking this eventuality into account, the program has established in advance several types of freight as railroad transport priorities for the entire year. These are coal and liquid fuels, basic raw materials and materials for key industrial plants and for residential construction, food, and goods that are exported, imported, or carried through Poland by transit.

In freight transport carried out by the PKS, a special place has been given to serving the agricultural-food sector, i.e. to deliveries of the means of

production to the villages, and in the opposite direction, to the transport of agricultural products (plant and animal products) to the cities. The general principle in this is concentration of the PKS's resources on local transport, with a restriction on long-distance transport.

Consistent implementation of the above-mentioned principles of transport policy (which have a corresponding application in passenger transport, discussed below) should become an object of interest and attention from central and local agencies of the state administration in their control and coordination activities.

Passenger Transport

It is estimated that this year the PKP will carry about 1.1 billion passengers, and the PKS, about 2.3 billion passengers. It thus turns out that in this area there are no major changes in comparison with 1981. The volume of railroad passenger transport has been stabilized for many years, with insignificant fluctuations. In recent years, difficulties with rolling stock and fuel in the PKS have slowed down the previously rapid increase in the number of passengers, and even led to a certain reduction in this number. This year, the exceptionally difficult situation is forcing the PKS to initiate further restrictions on bus transportation. It is necessary to take into account the fact that long PKS bus trips, which were generally suspended this winter, are and will be renewed only on a very modest scale, and that the transport resources thus saved, which are small in any case (long-distance transportation was barely 1 percent of total PKS activity in terms of the number of trips per day) will be used to support transportation to work and schools. Even on medium-distance and local routes, however, there will inevitably be reductions in the frequency of buses, especially during the hours of peak-period increases in rides (to work and schools, and back) and in sections parallel to railroad lines.

This year, the restrictions, to a certain extent, will even affect buses that have so far traveled to work and schools. Local PKS units are reducing or suspending sales of monthly bus tickets to residents of locations with PKP stops and convenient railroad connections. In this manner, it is being ensured that people who do not have any other means of transportation can get to work, in spite of the reduced size of the rolling bus stock. In view of the occurrences of shortages of tires, storage batteries, and spare parts, fuel shortages, limited deliveries of new rolling stock and changes in its structure (an increasing proportion of buses with less capacity), the PKS has to concentrate its modest resources selectively on the tasks that cannot be handled by any other carrier. On the other hand, wherever possible, and wherever two carriers have duplicated each other's services in the past--both over long routes and in transportation service for large urban-industrial centers--railroad transport capacity should be fully utilized. This imposes additional tasks and demands upon the railroads in connection with adapting train schedules to new conditions and social needs, increasing the train-car composition, insofar as this is justified and possible, and finally, adhering to the verified and modified train schedule. These are not easy tasks, since after all the railroads are also struggling with enormous difficulties and supply problems.

Many people thus expect a compulsory shift from buses to trains--which will not always be convenient and will frequently mean a longer ride to one's destination, but which is necessary and inevitable in view of the situation that has arisen. This shift, nevertheless, should be properly considered and prepared, well organized, agreed upon and coordinated among local PKS and PKP units, and accompanied by an extensive explanatory campaign among the passengers.

Means of Carrying Out the Transport Tasks

While requiring that railroad and road transport provide set transport resources, at the same time the operational program established quarterly and annual figures for deliveries of the basic technical means to meet the needs of transport. It thus determined the deliveries of new railroad and motor transport rolling stock, as well as the allocations of coal and coke, electrical energy, liquid fuels, tracks and railroad turnouts, sheet metal and other rolled products, steel pipes, cables, cement, lumber, road asphalt, batteries, motor vehicle tires, and also machines for transport technical facilities. Transport will have priority in obtaining supplies of energy, fuel, and raw materials on the basis of the same rules as other areas of the economy covered by operational programs. Limits have also been established on foreign exchange resources, which are to be used primarily for essential purchases of spare parts.

The sizes of these allocations constitute a compromise between the needs of transport and the capabilities of the economy. In some areas, transport can count on a certain improvement in supply this year; for example, in comparison with last year, it is to receive somewhat more turnouts and wooden railroad ties, cement, batteries, tires, and machines. There is to be a slight increase in allocations of electrical energy and liquid fuels. On the other hand, the amount of foreign exchange available for import purchases is declining. Above all, there is to be a marked reduction in the deliveries of new rolling stock, including especially passenger and freight cars (with reductions of 25 percent and close to 40 percent, respectively), buses, high-tonnage trucks (cut in half), and medium-tonnage trucks.

This picture must be supplemented with the news of further drastic reduction in construction and installation investments. Not only are no new railroad and roadbuilding investment tasks to be initiated this year, with the exception of the electrification of some sections of railroad lines, but in addition, there is to be a suspension in completion of numerous installations that were begun long ago and on which in some cases much progress has been made. The list of suspended projects has included new railroad line sections (including the continuation of the construction of the Central Railroad Trunk Line from the region of Grodzisk Maz. in the direction of Wyszogrod and Plock) and other tracks, the expansion of several main switching stations, technical and operating facilities for the Steel-Sulfur Line, the construction of many two-level junctions, road by-passes (city by-passes), new expressway sections, etc. As a rule, investment activity in the transportation industry is to be limited this year to the continued electrification of railroads, the expansion and modernization of service and repair facilities, and a limited

program for the construction of residences, social facilities, and health services for the workers.

If all goes well--with some "margin of hope"--the results of the PKP electrification this year will provide an increase of about 300 kilometers of electrified lines (for comparison, there were only 181 km in 1980 and 223 km in 1981). This year the following sections are scheduled to be shifted to electric locomotive operation: Lochow to Malkinia on the Warsaw-Bialystok line, with the Tluszcz-Wyszkow branch, the first section of the Nadodrzensk Trunk Line from Wroclaw in the direction of Glogow, a portion of the so-called "eighth outlet" from Slask (from Zabrze-Mikulczyc through Fosowska in the direction of Kluczbork), and in addition, if financing for the work is provided, the following sections: Swidnik-Jaszczow on the Lublin-Chelm line, Szczecin-Police, the railroad sections in the Fishing and Coal District, and others. It is no less important this year to begin and make progress on electrification of the next sections, on a scale such that next year the combined length of newly electrified lines turned over for use will reach at least 300 km.

The construction or adaptation of a large number of installations is continuing in transport technical facilities, especially in PKP locomotive maintenance shops and railroad-car maintenance shops. These, however, are for the most part tasks that require many years to complete. It is planned in the current year that PKP locomotive service facility installations in the expansion or adaptation stage in Gdynia Cisowa, Lodz Olechowa, the central portion of Szczecin, Tarnwskie Gory, Ostroleka, and Jaslo will be turned over for railroad operations this year, while work of many years' standing at other units of the facilities will be continued at the same time. On the whole, the present scope of the expansion and modernization of transport technical facilities is lagging far behind the requirements, which have increased over the last 10 years, and behind the tasks that have been set for these facilities.

Main Course of Action: Repair and Maintenance of the Rolling Stock

In view of the extensive limitations on investment work and purchases, and in view of the supply difficulties, this year (and probably the next one as well) will not create the conditions or chances for the expansion, or, in general terms, for the development of transport. In this situation, maximum efforts must be directed toward repair and current maintenance of the railroad and road rolling stock, as well as the transport infrastructure: railroad tracks and mechanisms, and vehicle roads. Since they cannot count on a significant increase in technical means, transport workers have to do all they possibly can to maintain the existing equipment in good operating condition. In practice, this is the only way to increase capacity and transport performance to the level required by the operational program, i.e. to the level that the national economy will need and expect while it is finding a way out of the crisis and attempting to increase production and trade again.

We will illustrate this with just one example. Almost 3,400 new freight cars will be delivered this year. This does not compensate for the loss of freight

capacity resulting from the inevitable removals of worn-out cars from the inventory. Last year these removals included over 11,000 cars; actually most of these had less freight capacity than newly received cars, but deliveries on the order of 5,000-6,000 new cars each year would be needed to cover this loss. Meanwhile, we have to take into account the necessity of carrying more freight this year than last. The only possible way to ensure this will be to reduce the number of technically defective cars withdrawn from operation for repairs. The average daily number of those cars considerably exceeds 50,000. Reducing this number is a task of primary importance and a basic condition for achieving the required transport capacity. For this purpose, railroad repair facilities--repair shops for railroad rolling stock and cars--have to perform more repairs this year than last. Likewise, railroad customers--large industrial enterprises, ironworks, mines, and ports, which damage considerable amounts of rolling stock during freight-handling operations, have to do a better job of abiding by the government resolution requiring them to repair such damage.

The repair capacity of railroad facilities will be increased by several approaches: by better equipment for the shops and an improved supply of materials and spare parts, insofar as this is possible; by various modernization measures, carried out for the most part with one's own work force and with a small outlay; by improving the organization of the repair processes; and by a gradual improvement in working conditions. The decisive matter, however, is an increase in employment--by several thousand qualified workers, just in the repair units of the railroad rolling stock. Extending work to a second or third shift and fuller utilization of the machines and equipment on free Saturdays also depend upon this. The approaches prepared this year on a large scale in the labor market will create some chances for a favorable resolution of this problem. Among other things, a great deal depends upon the employment policy conducted by local state administrative agencies and on assistance from them.

At the same time, in many areas of the country, the railroads are looking hard for installations that could be adapted relatively cheaply for organizing new car repair shops. They are considering various unused or unfinished factory buildings, stations, and so forth, which the owners--for various reasons, e.g. forced abandonment of the project--will not be able to use for a long time and would be inclined to lease or sell. The local administration could also be of assistance in looking for such installations.

In view of the limited material possibilities, the transportation ministry is planning a considerable increase in the expenditure of labor for current maintenance of railroads and roads. In this manner, without large expenditures of materials in short supply, it is attempting to slow down the process of the depreciation of a valuable property like the country's transportation network, and to keep it in a state making normal operation possible. On the other hand, in capital repairs of the tracks (replacing the rails with new ones) and vehicle roads, it is attempting to at least maintain last year's volume of work, 2,300 kms of tracks and 5,800 km of state roads. In order to carry out this year's program for repairs and maintenance of the tracks, bridges, and railroad buildings, 17.5 thousand new workers will be required.

An increase in employment is also essential in the areas of the public roads, especially in crews directly engaged in maintaining the roads.

Likewise, the main emphasis in managing local roads this year should be placed on current maintenance, in order to prevent a deterioration of the existing state of the network of these roads.

Regrouping forces and equipment from investment and development activity to repairs and maintenance of the existing infrastructure and rolling stock is one of the principal tasks of transport and its facilities this year.

9909

CSO: 2600/594

INCREASED RATE OF RAILROAD ELECTRIFICATION REPORTED

Warsaw TRYBUNA LUDU in Polish 16 May 82 pp 1, 2

[Article by staff correspondent A. Kozminski: "PKP Electrification Rate Increasing--1,000 Kilometers of Track in 3 Years--Copper Net on Nadodrzan Trunk Line"]

[Text] The fuel crisis forced the authorities at the Ministry of Transportation to accelerate the rate of electrification of the Polish State Railroads (PKP) tracks. This amounts to--strictly speaking--a resumption of the old rate of electrification because, during the last few years, it has fallen to barely about 150 kilometers (km) per year.

According to the already undertaken decisions, there will be 316 km of newly electrified PKP tracks opened to service in the current year, 317 km next year, and 400 km of electrified tracks in 1984.

In a word, within 3 years the PKP electrified network consisting currently of over 7,000 km of the line will be lengthened by about 1,000 km. In 1985 it is anticipated that 500 km will already be electrified.

In Most Important Directions

The PKP electrification program includes four basic activity sectors for the next few years:

--On the North-South axis it includes principally those lines which are an extension of the routes emanating from Slask, and are already electrified: the Nadodrzan Trunk Line from Wroclaw through Zielona Gora to Szczecin; the line from Opole through Jelcz to Wroclaw, this forms the railroad connection between the Lower and the Upper Slask; the line from Kutno through Torun to Bydgoszcz, this connects the electrified trunk line Warsaw-Poznan as well as the electrified coal trunk line from Slask to Gdansk and Gdynia; the line from Kutno to Plock which is the principal route for transporting petroleum products from "Petrochemia," and finally the line Warsaw-Gdansk or exactly its unelectrified portion from Nasielsko to Tczew.

--The second group, on the East-West axis, consists of three lines: Lublin-Chelm-Dorohusk (USSR border); Wroclaw-Legnica-Wegliniec [in direction Zgorzelec] and the completion of electrification of the Moscow-Warsaw-Berlin trunk line which passes through our country in the sector from Zbaszynek to Kunowice (GDR border).

--The third group is formed by completions of electrified PKP net in Slask. The fourth group consists of connections between the already electrified lines and sections located within urban centers, for example: Inowroclaw-Torun, Szczecin-Police-Trzebiez, Fosowskie-Strzelce Opolskie, Wysoka Kamienska-Kamien Podmorski.

Currently, personnel from Railroad Electrification Operations Plant [ZKRE] are working on erection of poles and suspension of electric power-line systems on the lines from Szczecin to Police, from Lochow to Malkinia and from Tluszcz to Wyszkw.

Unfortunately there is a danger of interruption of this work due to a shortage of copper catenary cables.

The facilities of two sub-stations, in Lososiwice and Scinawa, have already been completed. These will power the electrified sector of the Nadodrzan trunk line from Wroclaw to Scinawa. By the end of May, this sector will be opened to electrified train traffic. Also by the end of this month [May], further electrified sections will be turned over to use in the so-called VIII exit from Slask, i.e., the line from Zabrze Mukulczyce to Tworog Brynka and from Borowiany to Fosowskie.

In the Fall to Malkinia and Wyszkw

Next lines to be electrified, prior to the celebration of "Day of the Rail-roader" in September (1982), will occur when the ZKRE will hand over, for utilization, the route from Lochow to Malkinia, on the Bialystok line and from Tluszcz to Wyszkw.

By the end of this year [1982], electrified trains will reach Glogow on the Nadodrzan trunk line, from Zory to Pszczyna, from Bielsko Biala to Skoczow, from Szczecin to Police and Trzebina as well as from Wysoka Kamienska to Kamien Pomorski. The electrification of the latter will eliminate the necessity of motor [diesel] trains from covering some 70 km of the already electrified line from Szczecin to Wysoka Kamienska, in order to reach Kamien Podmorski which is situated 17 km further on down the line.

9511

CSO: 2600/615

METALLURGICAL INDUSTRY PRODUCTION, REFORM DESCRIBED

Improved Metallurgical Production

Warsaw TRYBUNA LUDU in Polish 27 Apr 82 p 5

[Article: "The Metallurgical Industry Is Straightening Out"]

[Text] This year: 15 million tons of steel, 10.3 million tons of rolled products and the beginnings of stabilization.

In the first quarter of 1982, the metallurgical industry produced 4.3 million tons of coke, 1.8 million tons of pig iron, 3.2 million tons of steel and 2.35 million tons of rolled products. Except for coke, the planned tasks were not fulfilled in the remaining sectors which severely affected other areas of the economy, especially construction. The primary reasons why the planned production, which was less than the previous year's, was not fulfilled were the emergency shutdowns of the Katowice Iron and Steel Works No 2 great furnace, the poor condition of the furnace at the Bierut Iron and Steel Works and difficulties in initiating production of products that heretofore were imported from the Western countries.

"The situation is now improving," stated Zbigniew Szalajda, minister of Metallurgy and Machine Engineering Industry, at a press conference. "We are obtaining better results now than in the second half of 1981. Technological discipline and productivity have stabilized. Although this is taking place at a low level of total production, the overall condition of the industry is starting to improve."

Improvements Are Already Visible

"Promising results," emphasized Z. Szalajda, "were achieved by the copper, zinc and lead industries. Operations in the shipbuilding, aircraft and machine-tool industries are also stabilizing. Exceptional progress was also achieved by enterprises manufacturing agricultural machinery."

Despite the great difficulties caused by the shortage of imported raw materials, extensive operations have begun to adapt the industry to the new economic conditions. Among other things, materials that were previously imported from the dollar zone are now being obtained on a wide scale from

domestic sources or from the USSR and other CEMA countries. After the initial shock which the plants endured at the beginning of the year, the operations of the heavy machine industry are organized.

Data for the first 20 days of April indicate that in general the plan is being realized on schedule, and for some assortments (coke, pipes, copper and lead) it is even ahead of schedule. Energy and raw material supplies have improved.

The Soviet Union, which supplies needed ferroalloys that were previously imported from the West, provided much help. Additional supplies from the USSR of change materials for ingots and slabs were assigned. Two hundred thousand tons of these products are being processed by the Lenin, Bierut, Nowotki and Katowice Iron and Steel Works. The delivery of an additional 100,000 tons of ingots have been agreed to. Our mills are also processing 6,300 tons of Soviet copper. The USSR is supplying iron, chromium and manganese ores ahead of schedule.

The probability of stabilization and even of a gradual increase in production in the next quarters appears to be increasingly possible. Under these conditions this year we will produce about 15 million tons of steel, 10.3 million tons of rolled products and 8.9 million tons of pig iron. Even though these figures are a couple of percent less than those for 1981, the decrease in production this year will be a lot less than previously projected in January.

How Can the Needs of the Economy Be Satisfied?

In its striving to satisfy the needs of the economy as much as possible, the metallurgical industry is initiating various actions to increase productivity. Among other things, if it obtains an additional allocation of coal, coke and furnace oil it will be able to provide an additional 374,000 tons of rolled products.

To minimize the effects of limiting imports of metallurgical products, a program has been initiated to produce these products ourselves. It is projected that this year the import of 110 products (worth 116 million foreign exchange zlotys) will be discontinued. Some of these are already being produced in Poland, for example, pipes for hydraulic components use in coal mining which heretofore cost us 27 million foreign exchange zlotys annually.

Action has also been initiated in the social sphere to encourage people to become metallurgical workers. At the suggestion of the ministry, the government passed a resolution to implement modified rules for paying out awards, the so-called Metallurgical Workers' Charter.

Improvement in the Balance of Foreign Trade

The situation in the copper industry is shaping up favorably. This year the miners will produce about 26.5 million tons of copper ore, 16 percent more than last year. Production of electrolytic copper will reach 340,000 tons

or about 4 percent more than in 1981. This represents a solid base for expanding production in many industrial sectors and for maintaining a high level of export.

However, there are some problems in meeting the demand for lead and aluminum. The first actions have already been initiated to decrease the lead deficit. Among other things, a department has been activated to process storage battery scrap which will enable us to develop this raw material on a national scale. Work has also begun on completely exploiting dusts generated by the copper industry that contain lead. A plant in Szklarice near Zabkowice Slaskie will be adapted to process this dust.

The aluminum situation is more difficult. Domestic production supplies 48 percent of Poland's needs. However, thanks to the aid of the CEMA countries we will have to purchase only a portion of our needs for aluminum for dollars. Despite the restrictions set by the Western countries, we have accrued additional trade surpluses in this area. Also, there is a surplus of exports over imports in trade with the socialist countries. Even though the nonfulfillment of the import plan affected these results to a great extent, the improvement in the foreign trade balance is nonetheless appreciable. This will permit the purchase during the second quarter of many needed raw materials and materials and will further stimulate the operations of the metallurgical industry.

Reform, Plan Overfulfillment

Warsaw SLOWO POWSZECHNE in Polish 30 Apr - 2 May 82 p 3

[Article by Ewa Gomolka: "Steel and Reform--Why the Lenin Iron and Steel Works Is Optimistic"]

[Text] In November 1981 the local paper GLOS NOWEJ HUTY featured on its front page a brief interview with representatives of the combine's employees' self-government. Robert Scholz, vice chairman of the self-government at that time said: "The minister (speaking of a meeting with Zbigniew Szalajda) told us that in 1982 the steel works will be operating at a loss of about 7 billion zoltys instead of a profit. (...) The self-government proposes: do not work, just take the money. Since our steel mill's wage fund is about 4 billion zlotys this will cut the projected deficit practically in half.

The formula is facetious, although not funny. The HiL [Lenin Iron and Steel Works] is, of course, the largest plant in Poland, employing almost 40,000 people. But it is somewhat sad to read that this giant flounders in such debt

I do not know how it came about, but sometime in February or March of this year the estimate was different. The information was provided by the Krakow papers which also stated that it actually happened at a executive meeting of the party's factory committee at which Kazimierz Miniur, chief of the organization, stated that the steel mill's deficit would be about 5 billion zlotys. There also was an appeal in this speech for a subsidy to be included

in the state budget and a reminder that it has only been since last year that HiL has been in such bad shape. Never before has HiL asked for a hand-out, but now that the situation is quite difficult a helping hand should be given.

"Afterwards," stated Wladyslaw Winiarski, deputy director for economic affairs, "the auditors visited the mill and verified each and everyone of our conclusions. The truth is that if we did not need a subsidy we would not ask for it. And no one will give it to us if it were not necessary."

"However, it will probably be necessary."

What is HiL? It is a completely integrated metallurgical combine having a closed production cycle and capable of producing coke, pig iron, steel, semi-finished rolled products, finished rolled products, processed mill products (cold-rolled sheetmetal, especially auto-body sheetmetal for the automotive industry), thin galvanized cold-rolled sheetmetal for the sheet packaging industry (especially the food industry), galvanized sheets and steel pipes. Other products include: transformer plates and dynamo sheets for the electrical engineering industry, cold-bend sections for the construction industry and railway rolling stock. It is an enterprise consisting of super modern divisions and departments whose roofs are in danger of collapsing. It is an enterprise which to date found it most profitable to belabor primitive production and which to a great extent was concerned with processing metallurgical products which in reality only increased the deficit because it was necessary to pay out an additional 700 zlotys for each tons of cold-rolled sheet produced.

"Now the mill is militarized, the socio-political situation is good, and the combine is realizing its imposed economic tasks with a surplus," states Ryszard Kaczor, assistant chief director. The first quarter ended with the plan overfulfilled by an additional 63,000 tons of steel and 16,000 tons of pig iron.

Thus, there is room for official optimism and satisfaction. But what about the deficit? No doubt, there will be a big deficit although not as large as projected. But why was it projected?

Dr Winiarski explains: "The plan, established by us at the beginning of the year, was drawn up on the basis of 1981's fourth quarter results which were affected by disturbances and limited fuel supplies. The socio-political situation also had an effect, but I would like to remind you that production continued during the December strike. Finally, the poor prospects for raw material supplies (iron ore, stoking coal and charging coal for coking plants) played a part in the plan's assumptions for these specific production levels. Meanwhile, this year there were no serious supply problems and, in contrast to the winter months, there were no shutdowns or limitations of electric power and natural gas supplies. And thus we exceeded our plan for the first quarter."

But let us not compare it with the results of the analagous period one year ago because it appears not to be worthwhile and in addition production now

depends on concrete orders and the sales market. As a result, production is less.

The expression 'taking part in the reform' grates Director Winiarski. It already has happened once in January. And it actually happened a second time when the combine started to invoice its products at the new prices and when raw materials and semi-finished products which were also newly priced started flowing into the combine. It is obvious that the reform will be spread out for years, but prices determined that we are part of the reform. They are, after all, the most important element, and their true levels will determine the results and success of the reform.

And what about prices? The drawback here is that 80 percent of HiL's production as well as the raw materials and products that it purchases are in the sphere of official prices. The director for economic affairs, however, expresses the hope that in the future, to the extent that raw material controls are abolished, the official price lists will undoubtedly be restricted. Now, despite the fact that the HiL is a monopoly in certain areas of production, a regulation is a regulation and how to make a profit here is a problem.

Thus the new prices are determined on the basis of old price lists times a conversion factor established by the PKC [State Price Commission]. Referring to the PKC pronouncement, Director Winiarski said that the prices are approaching world prices.

We cannot answer the question regarding the meaning of 'approaching.' What does this refer to and do they approach those used by our central trading enterprises or world prices for metallurgical products?

Last year's deficit, amounting to 2 billion zlotys, was brought about by the unprofitability of certain areas of production. It sounds paradoxical that the old, small mills had a profit and that the modern HiL operated at a deficit as a result of unprofitable manufacturing. How it will be now only the future will tell. Only the quantitative results of the first quarter are now visible, but the entire cost side will be known only at the end of April and beginning of May. Only then will we be able to say whether the 'price revolution' actually restored the proper price ratios between basic production and metallurgical products.

But it does not prevent one from saying that everything is in order because the plan, of course, has been exceeded. "This sounds a little like the propaganda of success," apologized Engineer Kaczor, "but it is a fact that we are producing steel."

Order No 2 of February 1982 of the Chief Director regulates the functioning of the combine's reforms. It is a many paged report with an operating schedule, fulfillment schedule, lists of supervising and executive personnel, tables, charts and sections. Director Winiarski said that it was drawn up by the directorate without consulting the unions and self-government which

at that time were inoperative, but in many cases solutions were used that were put forward earlier by these people.

The slogan now is that the reform is based on three "S's"--that is self-dependence. Well, it is now greatly expanded, especially in planning. The plan is an internal document generated within the enterprise. They drew it up without directives, indexes and orders. The plan was proposed and no one raised any objection to it; it was not revised. But that distribution system! Such limitations! Both with regard to the choice of suppliers as well as course of sales

More about self-government. It will probably not come about very soon. There simply is no reason for its establishment. While it is true that one can appeal to the ministry to reactivate or establish a new self-government (just as director 'Swarzedza' did), it does not appear that those colleagues from the self-government wanted to work with him. In addition, there is somewhat of a standoff. People are indifferent, have no initiative and no spirit of social welfare. Perhaps self-government activists will evolve from the social commission; if not, the work force must be represented.

About self-financing. It appears that there will be no basis for self-financing because of the deficit. And those taxes are the worst. There is a proposal that they be decreased or some of them eliminated for the combine. Much money goes for taxes, positively too much.

The people in the steel mill complain that there are always shortages of one thing or another. It is a fact that energy is not a problem, but it is bad regarding odds and ends, components and low-ceramic ores. And thus, in general the secretariats, who are affixing seals to documents without stopping, and the section of the director for workers' affairs work the best.

"This is caused by the realization of production tasks in sections that are threatened by employee cutbacks," explains Engineer Kaczor adding, at the same time, that he read such a formula in the papers, perhaps this too is involved, but that is what it is called

Employment is similarly factually bad. The work force which not too long ago numbered almost 40,000 is now 36,200. Early retirements thinned out the departments markedly. And where will the missing 800 be obtained? For example, at the rolling mill people are literally at the crossroad. Mill workers are thinking about what would happen if the staff was not decreased. They speculate, they think. Then they return to work and produce steel, over-fulfilling the plan. And they become irritated that there is always something or another that is lacking, and at the same time the directorate has absolutely the same problems; if it is not a shortage of odds and ends, then it is components to produce auto-body sheetmetal; either way the matter is serious. Because of such a small matter, the entire automotive industry can come to a standstill. Or else, there is something else, it depends what is being done.